

Southern Border Regional Economy Report

California Regional Economies Project
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The Southern Border Region

The Southern Border Region includes two counties — Imperial and San Diego. In contrast to the counties in California's other eight regions, the counties in the Southern Border Region are quite dissimilar. Moreover, while there is some linkage between the economies of the two counties, this linkage is not as extensive as in most other regional labor markets.

The San Diego County statistics dominate the regional data because San Diego County is much larger than Imperial County in terms of total jobs and population. San Diego County accounts for 96% of the region's wage and salary jobs and 95% of the region's total population.

The two counties are also very different in terms of unemployment rates, wage levels and per capita income. Imperial County has a higher unemployment rate and lower wage and income levels compared to San Diego County as shown below.

Characteristics of the Southern Border Region (Thousands)			
	Imperial County	San Diego County	Border Region
NonFarm Jobs (2002)	40.7	1,228.5	1,269.2
Farm Jobs (2002)	10.0	10.8	20.8
Total Wage and Salary Jobs (2002)	50.7	1,239.3	1,290.0
Manufacturing Jobs (2002)	2.5	112.2	114.7
Population (1/01/03)	159.9	2,961.6	3,112.5
Unemployment Rate (2003)	19.8%	4.3%	4.9%
Per Capita Income (2001)	\$17,599	\$33,742	\$32,950
Average Wage (2002)	\$27,440	\$39,280	\$38,912

Source: Jobs and Unemployment Rate – California Employment Development Department; Population and Per Capita Income – California Department of Finance; Average Wage – U. S. Bureau of Labor Statistics

The Twin Challenges of Economic Growth and Workforce Investment

The California Regional Economies Project responds to two separate sets of regional priorities. Many regional organizations are focused on efforts to promote long-term economic growth that is broadly shared among each region's residents. The project's economic base analyses will help to identify sectors that have the potential for high-wage job growth such as, for example, biotech. The Project will select specific clusters for deeper analysis. One aspect of the cluster analyses is to identify workforce policies that will support cluster growth.

Workforce boards play a role in promoting economic growth but they also have mandates to help residents train for and find jobs when they are unemployed. Workforce boards are moving beyond the traditional job-finding role to develop programs focused on career paths and upward mobility.

Many areas of workforce shortage are not in the center of a regions' economic base. They are in the many population serving sectors like health care, construction and education. So, this Project will focus also on the size of sectors, not just their potential for rapid growth and look closely at population serving activities as well as each region's economic base.

The Twin Challenges of Economic Growth and Workforce Investment

Economic Growth

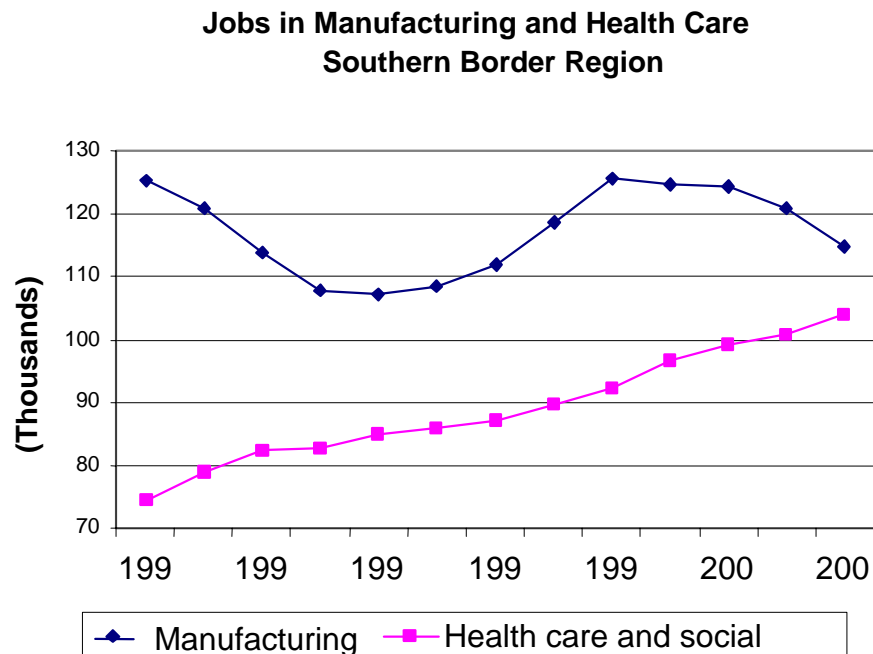
- Identify sectors for innovation and growth, for example, biotech and nanotech
- Identify workforce and other policies to support high growth sectors
- Most focus will be on the region's economic base

Workforce Investment

- Identify sectors where people can find career paths and upward mobility, for example, nursing and construction
- Identify workforce policies that support both individuals and sectors
- Most focus may be on population-serving sectors

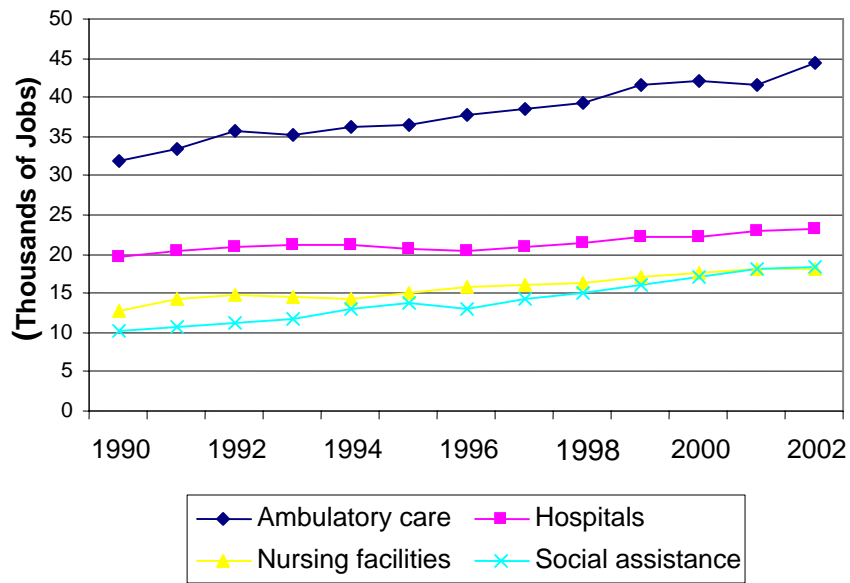
Manufacturing industries get significant attention in discussions of regional economic growth. And manufacturing activities **are** important for innovation, high wages and exports. Yet, manufacturing sectors have not been and are not likely to be sources of job growth for the region, state or nation. Rapid productivity growth allows increases in manufacturing output to be produced with fewer, not more, workers and this is true in California, Colorado and China.

On the other hand, health care job levels have risen through good times and bad. The number of health care jobs in the Southern Border Region will soon exceed the number of manufacturing jobs.



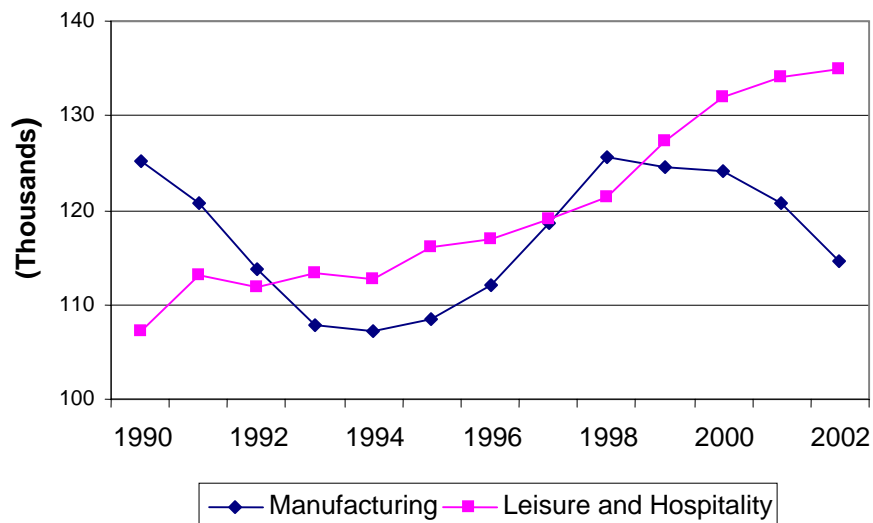
Workforce shortages are growing in many health care sectors; some of which pay good wages and many offer opportunity for upward mobility. Construction jobs offer a similar set of opportunities.

Health Care and Social Services Southern Border Region

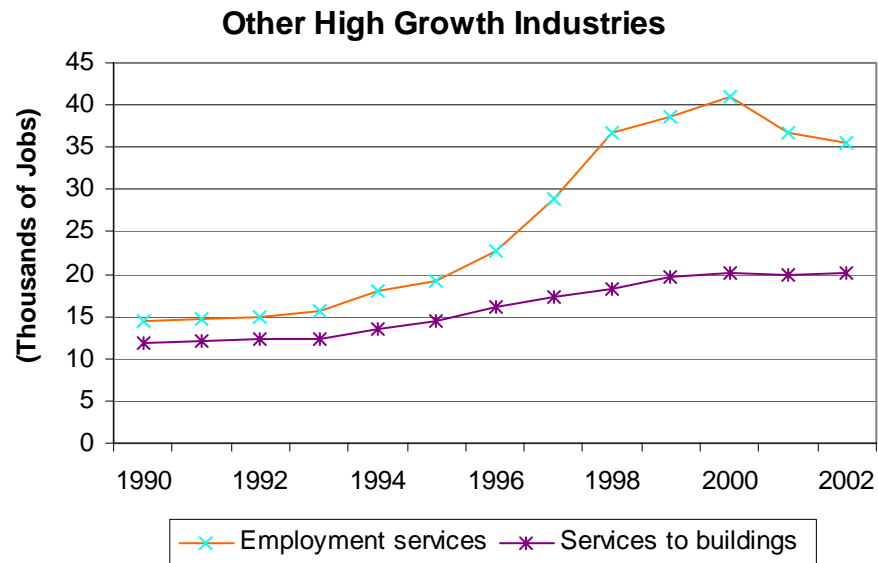


Job levels in Leisure and Hospitality have already surpassed job levels in Manufacturing and also show a steady upward trend. While these jobs generally pay below-average wages, they are important for the region's tourism sector and can offer an entry level to build upon.

Jobs in Manufacturing and Leisure and Hospitality Southern Border Region

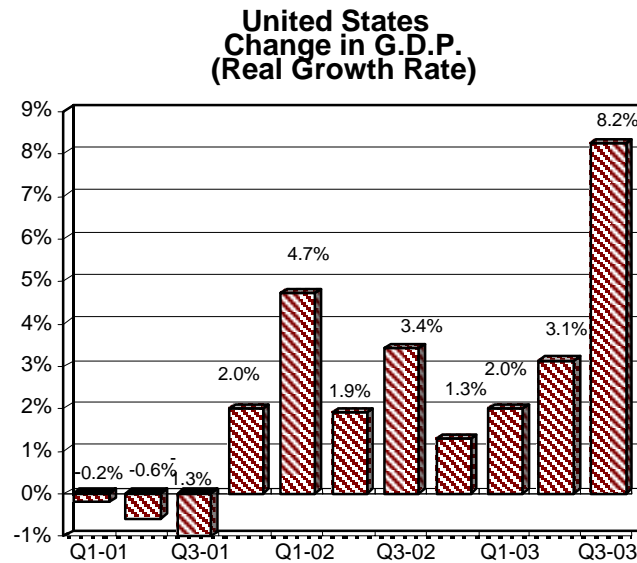


Two of the fastest growing sectors – employment services and services to buildings – serve the region’s fast growing economy. These sectors also highlight the need to combine a focus on attracting high-wage, innovative sectors with a careful examination of all of the sectors where job opportunities and training needs are found.



The State and National Economic Context

The nation has posted stronger economic results in recent months. Real GDP increased at 8.2% in the 3rd quarter of 2003. Manufacturing output is rising; income and consumer spending are growing and inflation increases are modest. More than 300,000 jobs have been added since July 2003.

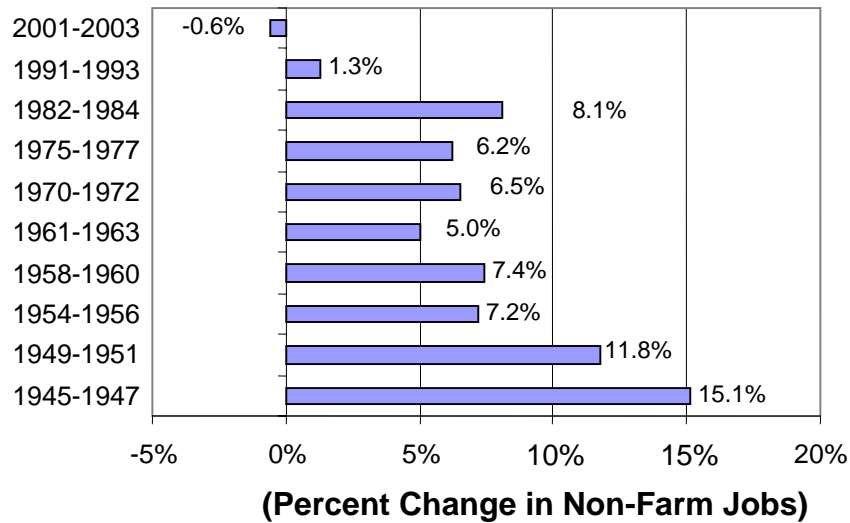


Job gains are expected in the state and nation according to most economic forecasts for 2004.

Still, the nation is in the midst of the weakest jobs recovery since the Great Depression. The national “jobless recovery” is the major reason that unemployment rates in California have increased as job growth has remained elusive.

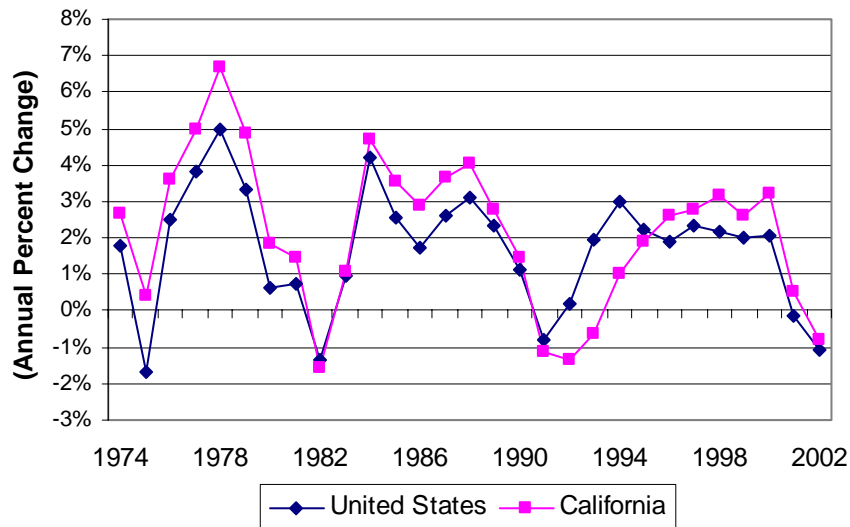
In every recession since World War II, job levels were higher 24 months after the recession ended, **except in the current period**. The average jobs gain 24 months after the last seven previous recessions is 5%. A 5% increase in national jobs in the 2001-2003 period would be equal to more than a 6.5 million gain. Instead, the nation has **lost an additional 700,000 jobs since the end of the recession**.

U.S. Job Gains 24 Months After Recession Ends



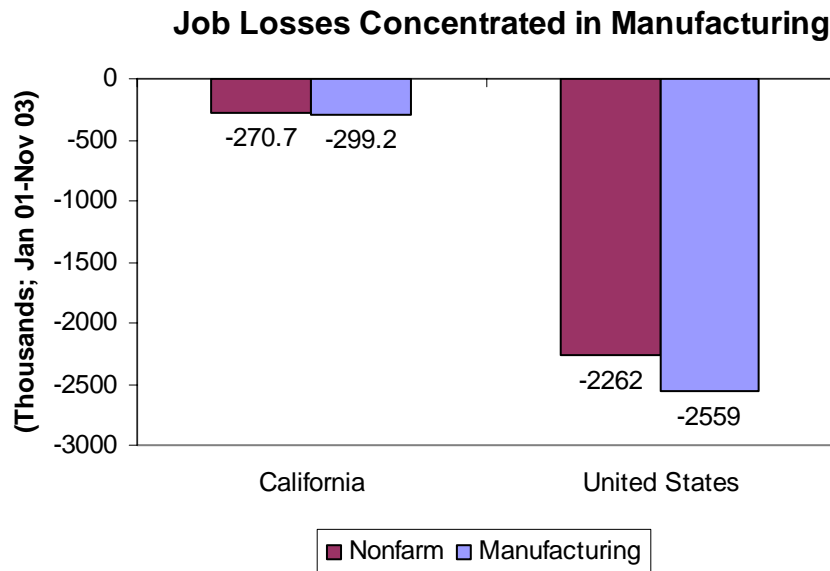
A strong national jobs recovery is essential for renewed job growth in California. While California regions can produce strong job and income growth when the national economy is growing, there are no cases when California regions prospered while the national economy was weak. In fact, as measured by unemployment or job and income growth, the state and nation have a long history of moving up and down together.

Job Growth

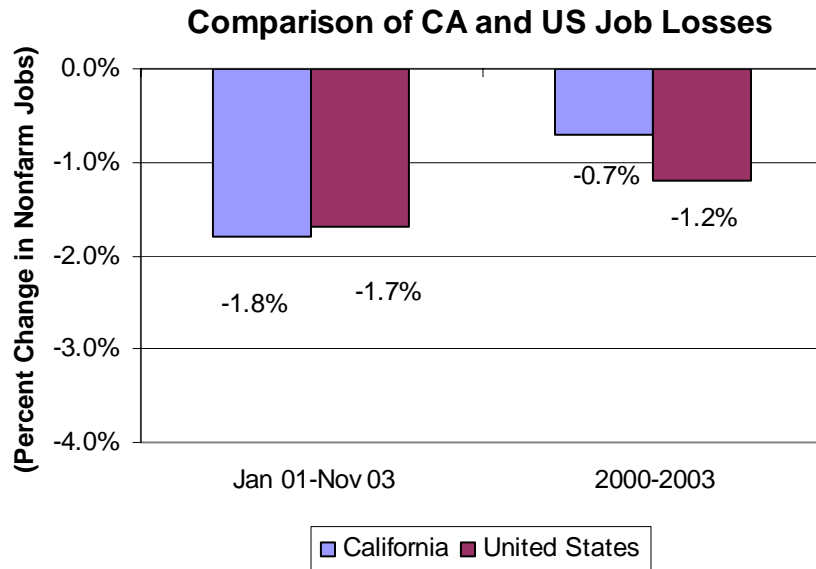


There has been a great deal of recent discussion about how California compares to the nation in terms of job growth since 2000. Data through November 2003 is presented below.

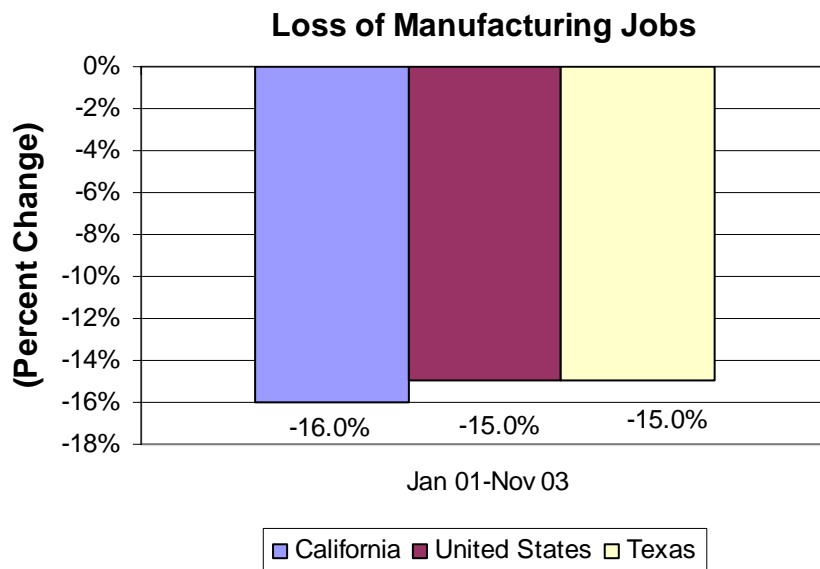
Since January 2001 when the recession began, California has lost 271,000 nonfarm wage and salary jobs. During the same period, the state lost 300,000 manufacturing jobs. So, the state's entire recent job losses are accounted for by declines in manufacturing. The same picture emerges at the national level. Since January 2001, the nation has lost 2.3 million jobs and 2.6 million manufacturing jobs.



California has the same rate of job loss as the nation or has done a little bit better, depending on what time period is used to measure changes in job levels. Between January 2001 and November 2003, California lost 1.8% of the state's nonfarm jobs, while the nation lost 1.7%. When comparing average job levels in 2000 and 2003, state job levels are down 0.7% while the nation's losses were 1.2%.

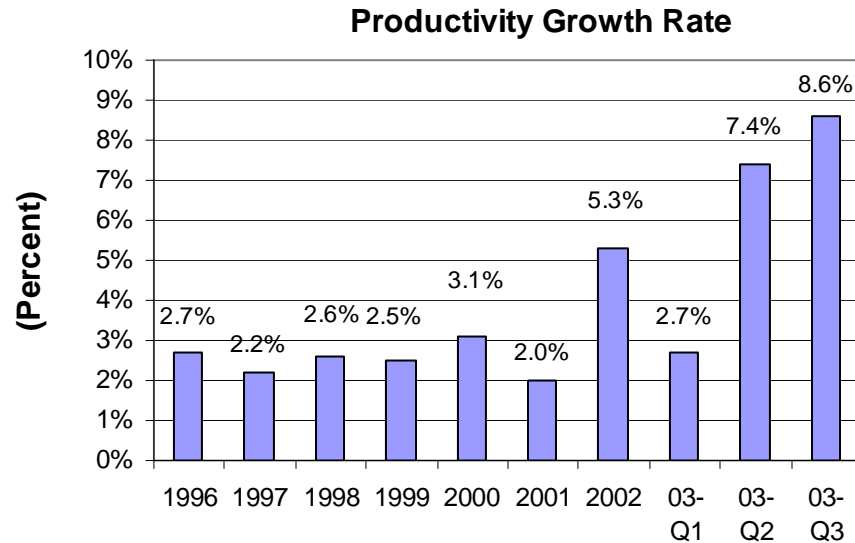


Manufacturing job losses were similar among California, Texas and the United States. Manufacturing job losses were approximately 15% since 2000 and do not vary much depending on what time period is used. The large and continuing manufacturing job losses have received a lot of attention throughout the nation. The causes are many and complex, but one fact is clear. The severity of manufacturing job losses is not unique to California.



Productivity growth is one explanation of the “jobless” recovery. High productivity growth allows firms to produce more without needing additional workers and, in some cases, to produce more **with fewer workers**. Productivity growth has reached extremely high levels in 2002 and 2003. In 2002, productivity

growth averaged 5.3% over 2001 levels. Roughly speaking, this level of productivity growth requires real GDP to grow at higher than 6.5% to reduce unemployment rates.



In the first three quarters of 2003, productivity growth is again averaging more than 5%. The estimated GDP gains of near 4% for the next few quarters will not be enough to reduce unemployment rates unless productivity falls rapidly. The labor force normally increases by 2 million per year so job gains of more than 150,000 per month (far higher than in recent months) are required keep unemployment from rising.

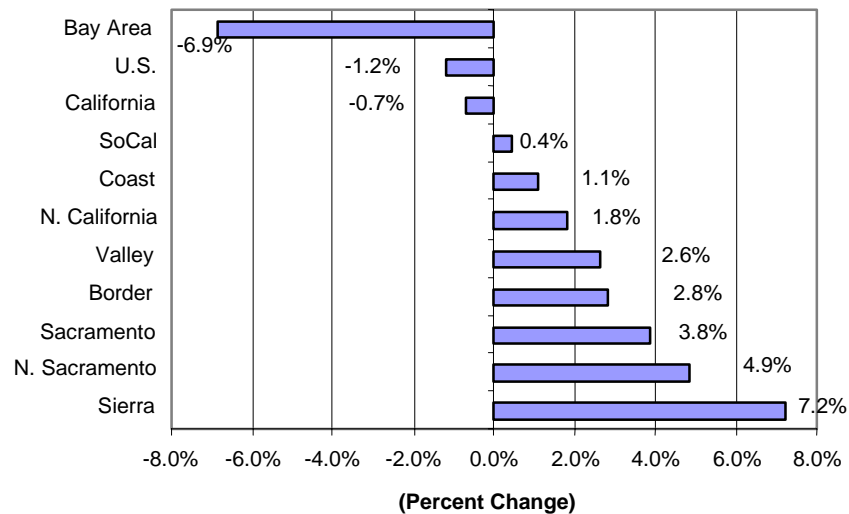
Productivity growth is essential for long-term prosperity. Productivity growth allows profits and wages to increase and living standards to rise.

But, in the short-term, this exceptional productivity growth makes the job of getting back to full employment much more difficult. And this productivity growth explains “where” most of the lost manufacturing jobs went — not to another state, not even abroad (although some did), but simply lost because firms needed fewer workers to meet rising sales levels.

Southern Border Region Shows Strength During the Recession

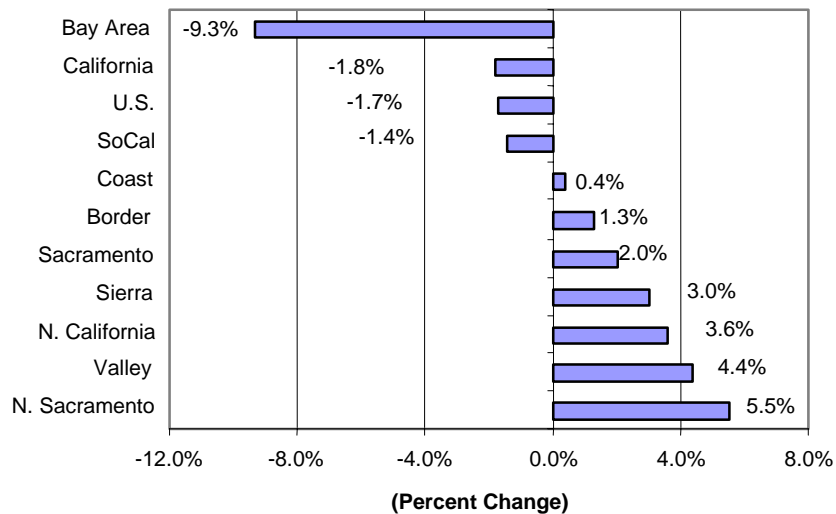
The Southern Border Region added nearly 40,000 jobs between 2000 and 2003 for a gain of 2.8%, outpacing the state and nation, both of which lost jobs during this period. The Bay Area was the only region in California that lost jobs between 2000 and 2003. The Bay Area lost 270,500 jobs comparing the annual average job levels in 2000 and 2003. The state lost 110,400 jobs. The other eight regions **added 160,100 jobs**. Job gains of more than 3.5% were recorded in the Central Sierra, Greater Sacramento, Northern Sacramento Valley regions. Southern California posted a small (0.4%) job increase.

Growth in Total Jobs 2000-2003



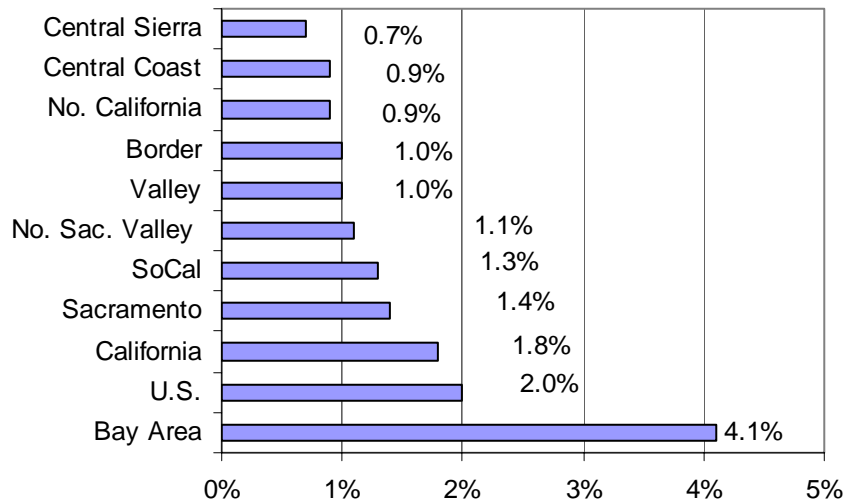
The overall pattern of regional growth does not change much even if one looks at the period starting at the beginning of the recession in January 2001. From January 2001 through November 2003, the Southern Border Region posted a 1.3% job gain. Southern California had a job decline of 1.4%, the Bay Area had a job loss of 9.3%, and **all other regions of the state showed job gains**, led by the northern regions and the San Joaquin Valley.

Growth in Nonfarm Jobs Jan 01-Nov 03

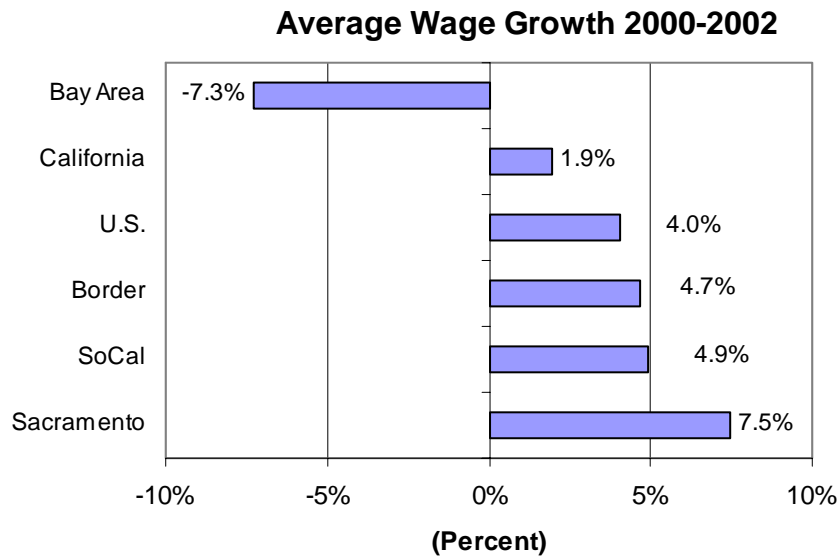


The Southern Border Region had one of the smallest increases in unemployment rates among California regions since 2000. Southern Border Region unemployment rates increased by 1.0%, from 3.9% in 2000 to 4.9% so far in 2003. **Every region of the state except the Bay Area, including southern California, had a smaller increase in unemployment rates than either the state or nation.** The Southern Border Region now has the lowest regional unemployment rate in California.

Change in Unemployment Rate 2000-2003

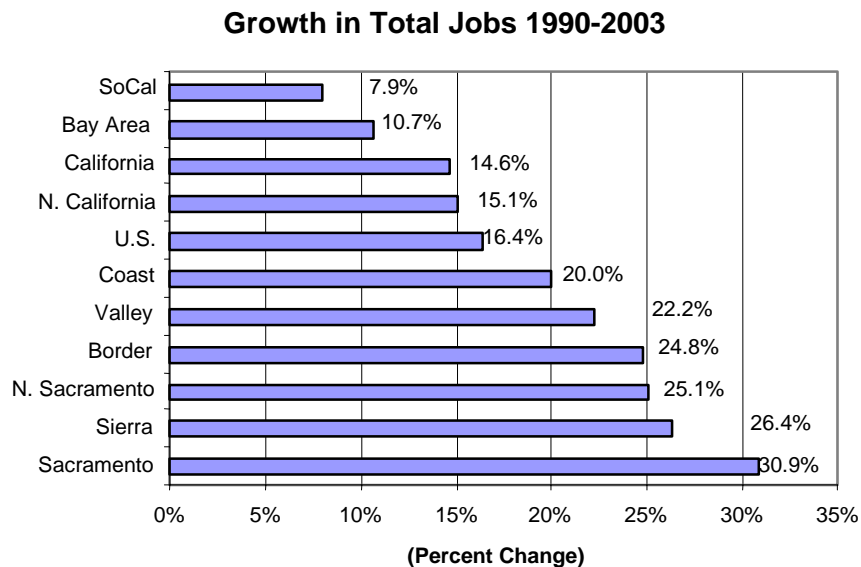


Average wage levels **rose** in the Southern Border Region in 2001 and 2002. Average wages were \$37,166 in 2000, \$38,056 in 2001 and \$38,912 in 2002. Wages rose in all regions of the state, except the Bay Area, led by a 7.5% gain in the Greater Sacramento region. Wages in the Southern Border Region rose by 4.7%, more than either the state or national average between 2000 and 2002.



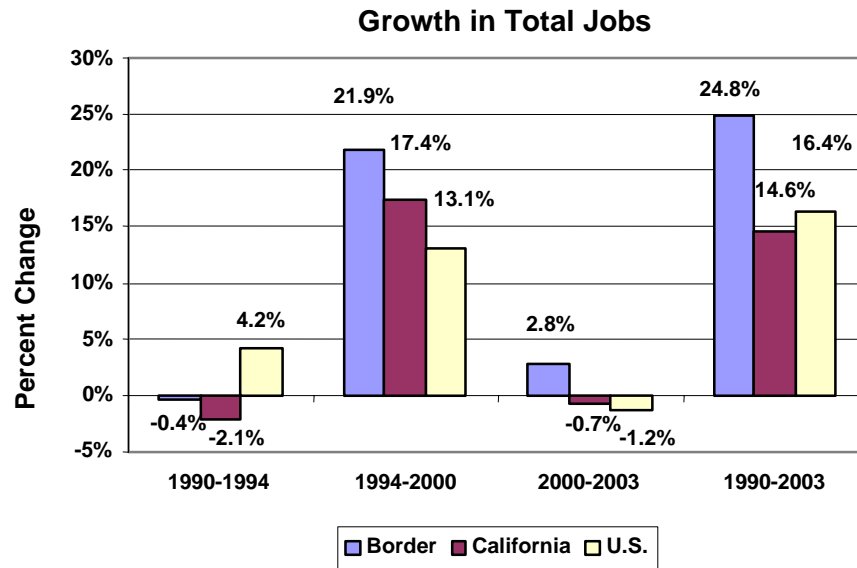
Comparison of Regions Since 1990

The Southern Border Region had one of the highest job growth rates since 1990 among the state's nine regions. Jobs in the Southern Border Region increased by 24.8% compared to the nation's 16.4% gain and the state's 14.6% increase. The Greater Sacramento region had the largest gain at 30.9%.



Southern Border Region job growth is made up of three distinct periods. **The Southern Border Region outpaced the state and nation in job growth between 1994 and 2000 and during the recent recession.** Job levels in the

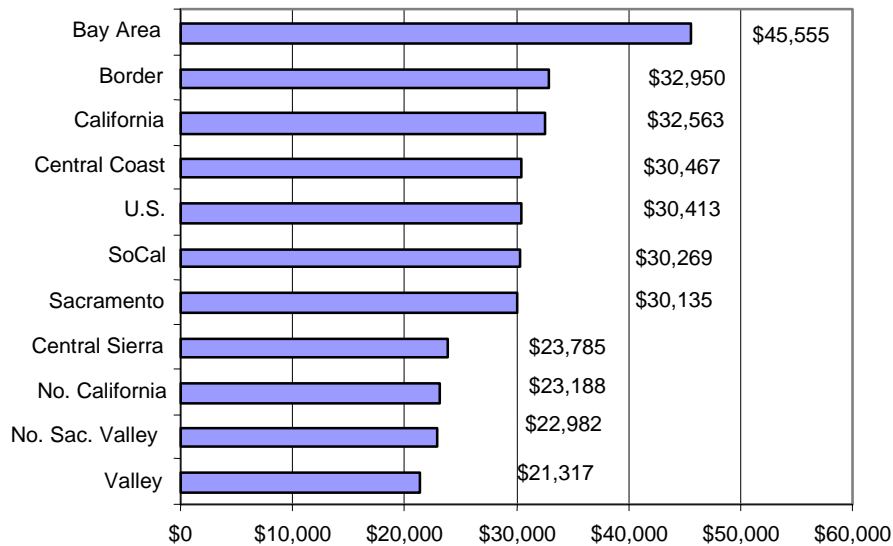
Southern Border Region rose by 21.9% compared to 17.4% in California and 13.1% in the nation between 1994 and 2000.



And the region added jobs since 2000 while the state and nation experienced job losses. Only in the early 90s recession, led by aerospace job losses, did the Southern Border Region trail the nation in job growth.

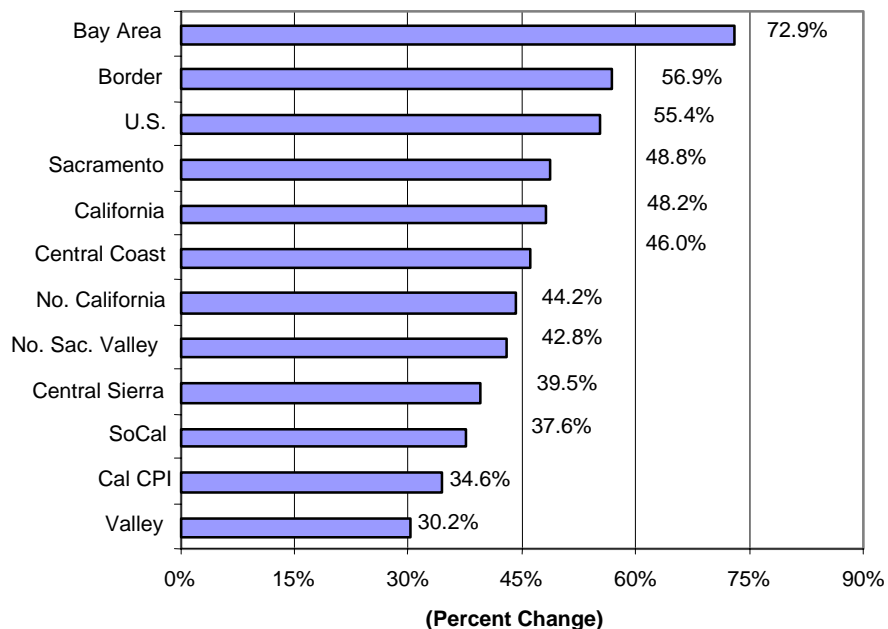
The Southern Border Region has the second highest per capita income among California regions. Per capita income of \$32,950 in 2001 places the Southern Border Region 8.3% higher than the nation. The Bay Area has the highest wage level and per capita income of any region in the nation.

Per Capita Income in 2001



The Southern Border Region also had the second highest per capita income growth rate among California regions. Per capita income rose by 56.9% between 1990 and 2001, more than 50% higher than the rate of growth in consumer prices — 34.6%. Only one region, the San Joaquin Valley, had per capita income growth that was less than the rise in consumer prices. The Southern Border Region income growth slightly exceeded the national growth rate and was second behind the Bay Area.

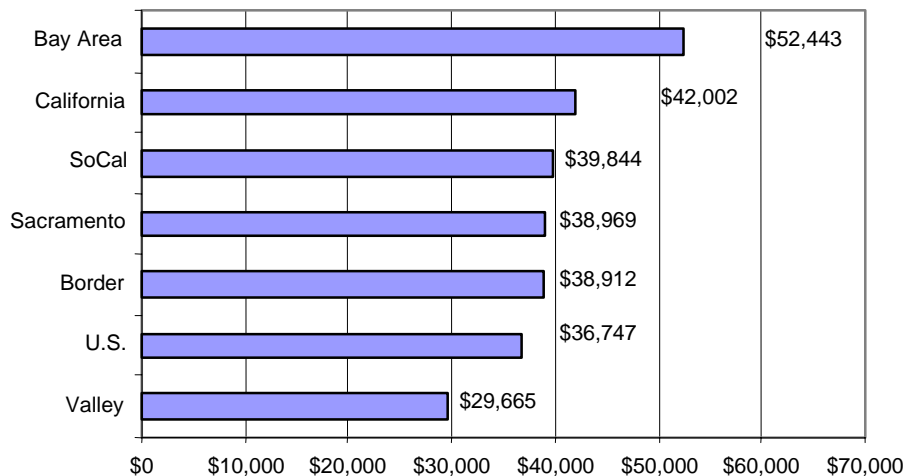
Per Capita Income 1990-2001



The Bay Area had the highest wage levels in the state and nation in 2002, even after two years of declining wages. **And the average wage of \$52,443 was**

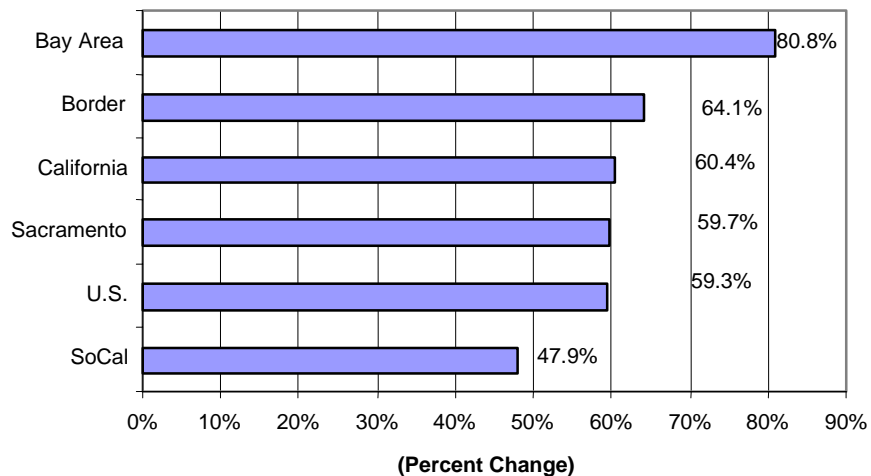
more than 40% above the national average. Wage levels in the Southern California, Southern Border and Greater Sacramento region were above the national average while average wage levels in the San Joaquin Valley remained substantially below the state and national average.

Average Wage in 2002



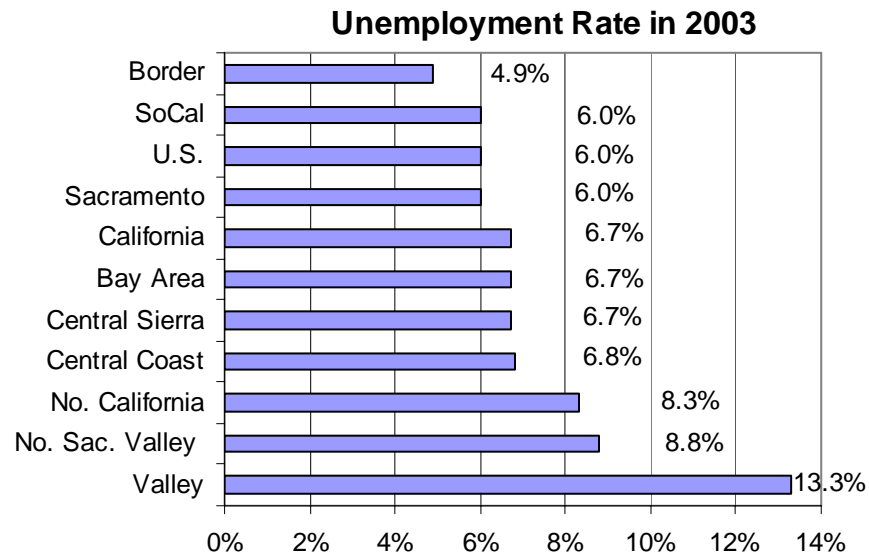
The Bay Area had the highest wage growth since 1990 among California's largest regions. Average wage levels increased by 80.8% between 1990 and 2001 compared to the national increase of 59.3%. The Southern Border and Greater Sacramento regions slightly outpaced the nation in wage growth while Southern California lagged behind.

Average Wage Growth 1990-2002



The Southern Border Region at 4.9% had, by far, the lowest regional unemployment rate in California. The region's 4.9% unemployment rate compares to 6.7% in the state and 6.0% in the nation for the year to date. For the

first time in a decade, the Bay Area unemployment rate moved above the national average in 2002 and remained higher in 2003. The state's lowest unemployment rates outside of the Southern Border Region were 6.0% in Southern California and the Greater Sacramento region. The highest rate was 13.3% in the San Joaquin Valley.



Major Industry Sectors in the Southern Border Region

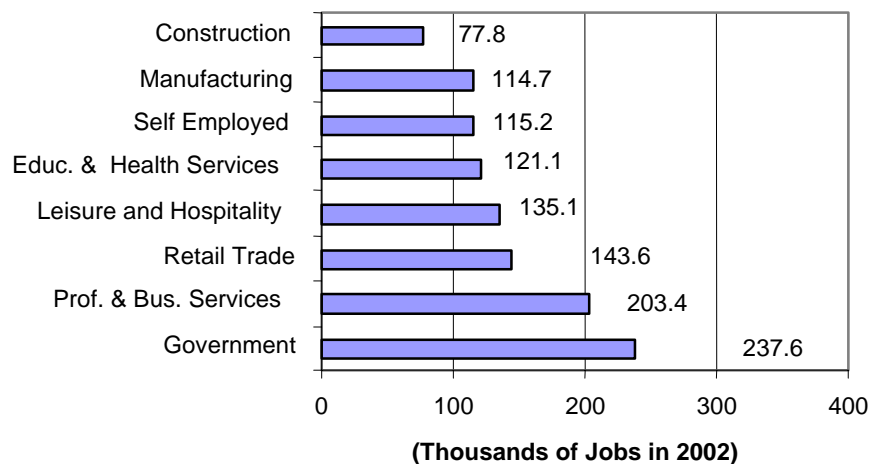
The major industry categories for reporting jobs data have changed with the introduction of the North American Industry Classification System (NAICS). Some of the major industry categories like Construction, Manufacturing, Financial Activities, Wholesale Trade, Farm and Government, have either identical or similar names to the previous SIC-based categories and cover approximately the same set of industries and workers. The NAICS Retail Trade category is the same as before, but without eating and drinking establishments, which have been moved to the new Leisure and Hospitality industry.

Some major industry categories are new including Professional and Business Services, Information, Educational and Health Services, Transportation, Warehousing and Utilities, and Leisure and Hospitality. Within the NAICS major industry categories are many new industry categories like telecommunications, ISPs, software publishing, childcare, and couriers.

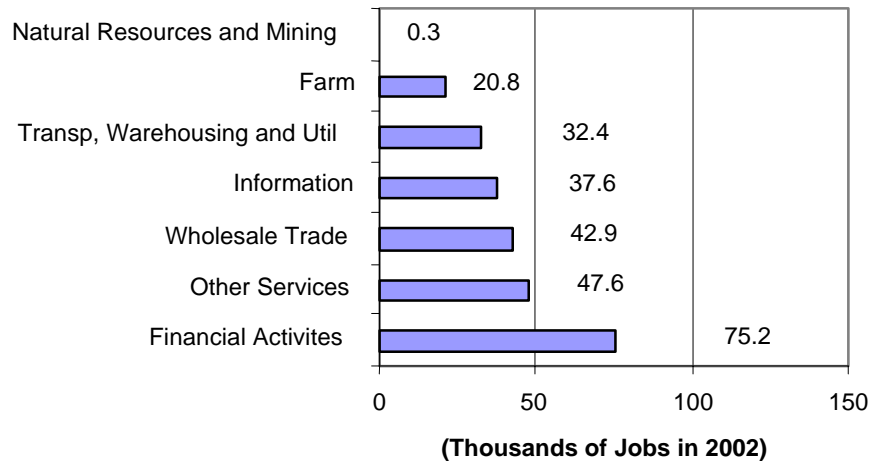
The Southern Border Region had 1.4 million jobs in 2002. Government was the largest major industry sector with 237,600 jobs. Professional and Business Services was the second largest sector with 203,400 jobs followed by Retail Trade with 143,600 jobs and Leisure and Hospitality with 135,100 jobs in 2002. Educational and Health Services, Self Employed and Manufacturing were the next largest sectors—each with approximately 120,000 jobs.

Construction and Financial Activities each accounted for approximately 75,000 jobs and all other sectors had fewer than 50,000 jobs in 2002.

Southern Border Leading Major Industry Sectors

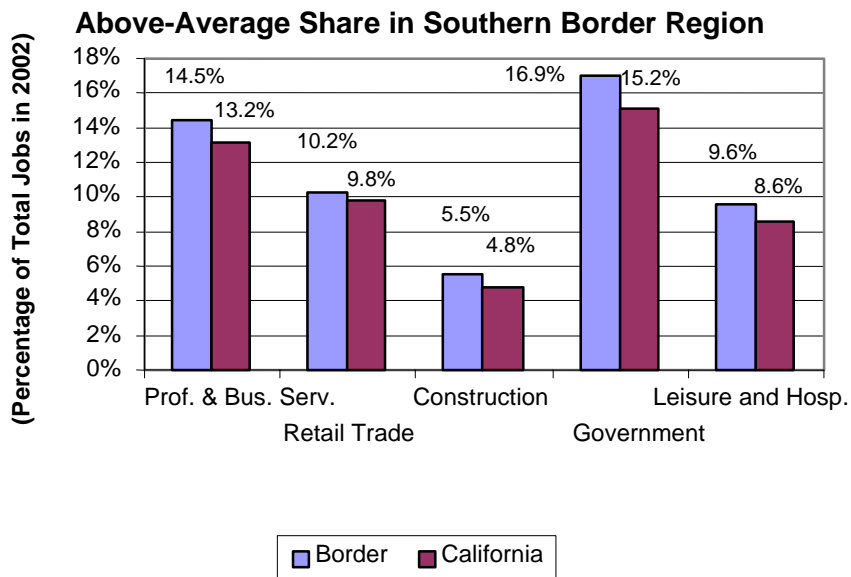


Southern Border Other Major Industry Sectors

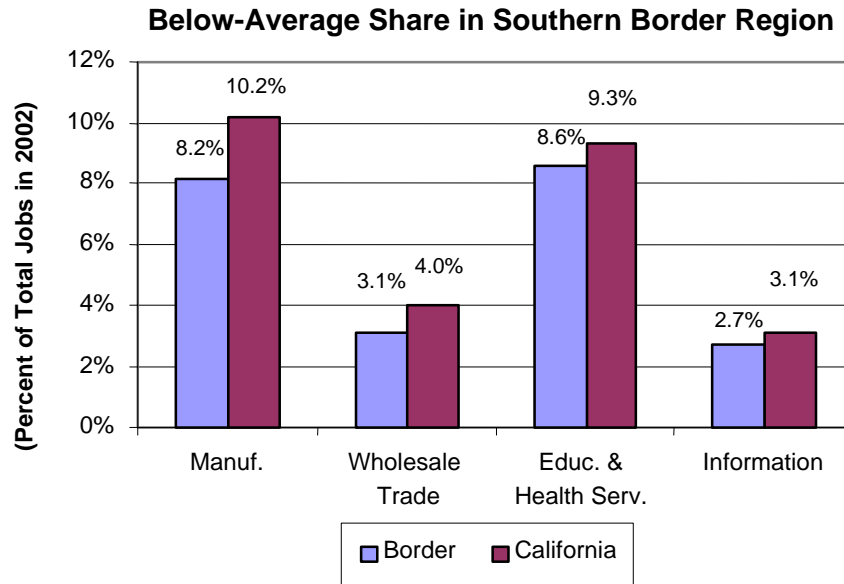


The distribution of jobs by major industry group in the Southern Border Region is similar to the statewide pattern. The Southern Border Region has a slightly above average share in Government, Professional and Business Services, Retail Trade, Construction and Leisure and Hospitality.

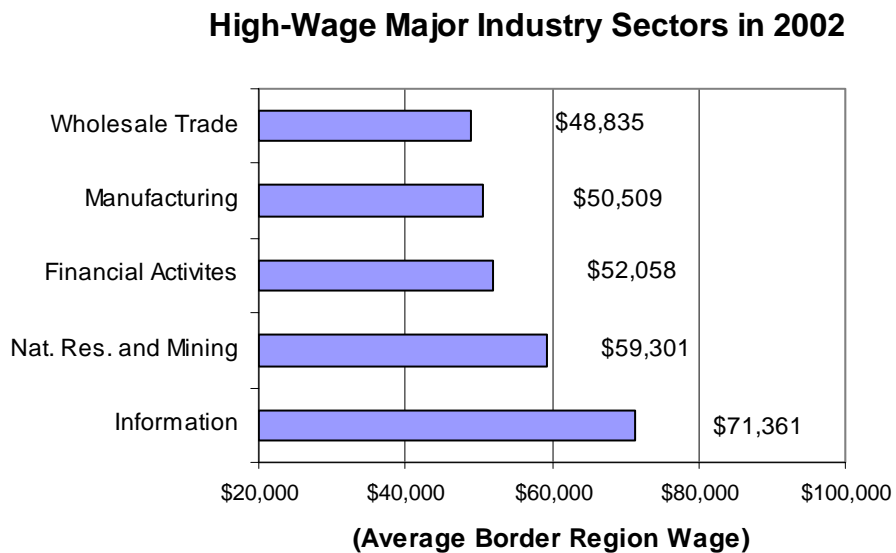
But the share advantages are not large. For example, Government accounted for 16.9% of jobs in the Southern Border Region in 2002 compared to 15.2% for the state. The difference was slightly smaller for Professional and Business Services, which include computer, management and research services. This sector accounted for 14.5% of Southern Border Region area jobs compared to 13.2% for the state. The above-average shares in Retail Trade and Leisure and Hospitality reflect the region's strength in tourism.



The Southern Border Region had a below average concentration in Manufacturing, Wholesale Trade, Information and Educational and Health Services. Manufacturing jobs accounted for 8.2% of Southern Border Region jobs in 2002 compared with 10.2% for the state.



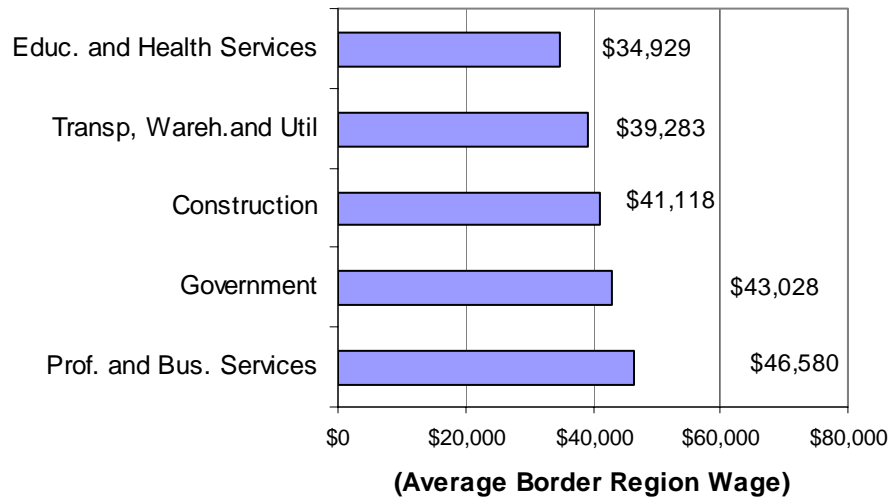
Five major industry sectors had wage levels significantly above the regional average of \$38,912 in 2002. The Information sector had an average wage of \$71,361 followed by Natural Resources and Mining (\$59,301), Financial Activities (\$52,058), Manufacturing (\$50,509), and Wholesale Trade (\$48,835).



Five major industry sectors had average wages near the regional average in 2002 including Professional and Business Services (\$46,580), Government

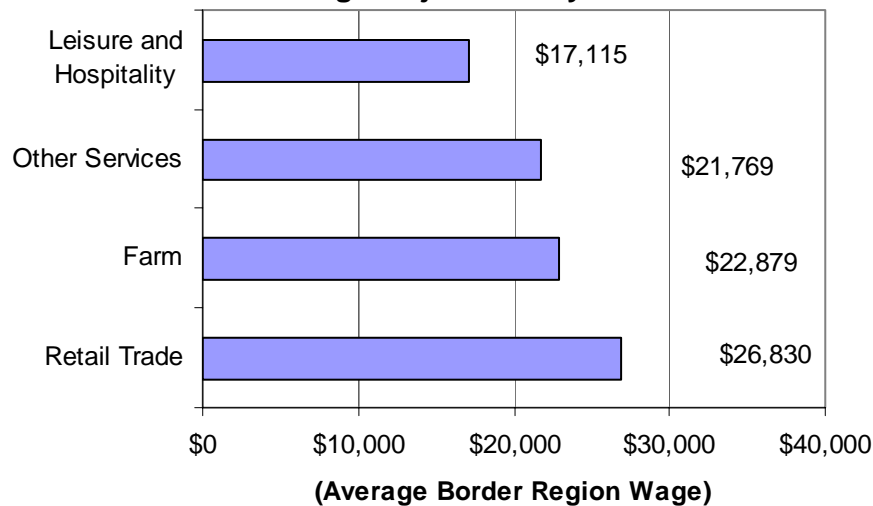
(\$43,028), Construction (\$41,118), Transportation, Warehousing and Utilities (\$39,283) and Educational and Health Services (\$34,929).

Middle-Wage Major Industry Sectors in 2002



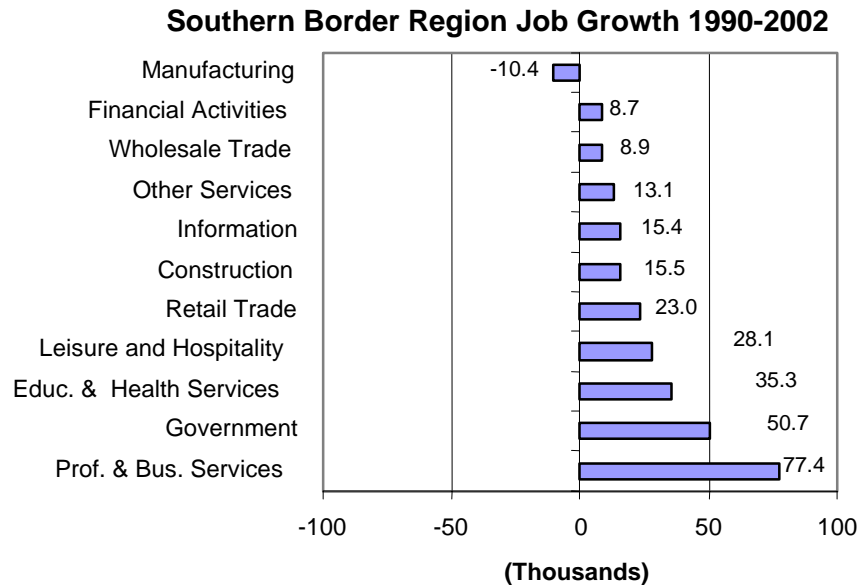
Four major industry sectors have average wages that are far below the regional average for all Southern Border Region jobs. These sectors include Retail Trade (\$26,830), Farm (\$22,879), Other Services (\$21,769) and Leisure and Hospitality (\$17,115).

Low-Wage Major Industry Sectors in 2002

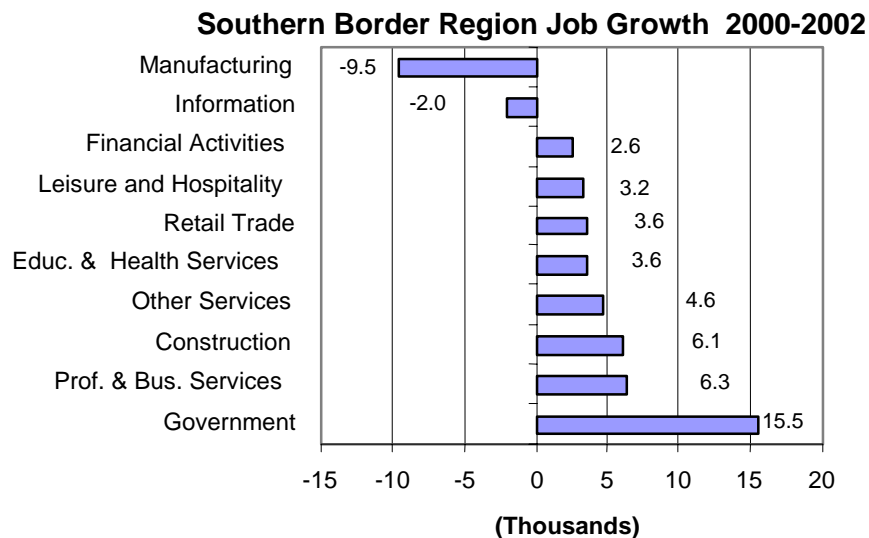


Professional and Business Services led the region's job growth since 1990. The sector, which includes the largest component of the region's economic base, added 77,400 of the 275,500 growth jobs in the Southern Border Region. Major job growth came also from population serving sectors including Government, Educational and Health Services, Leisure and Hospitality, Construction and Retail Trade.

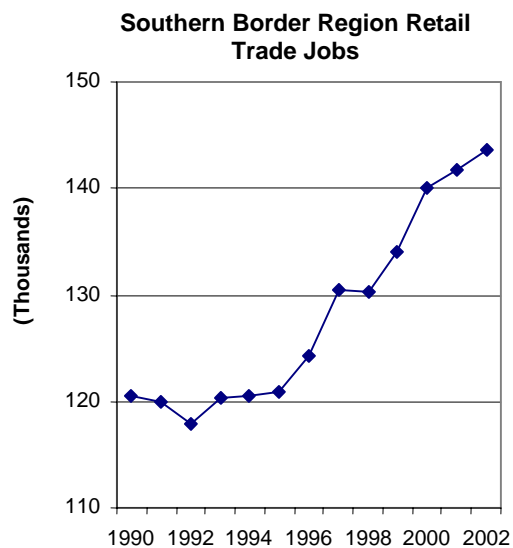
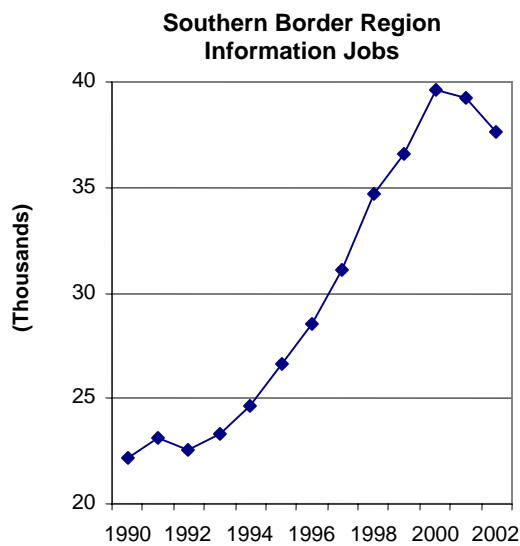
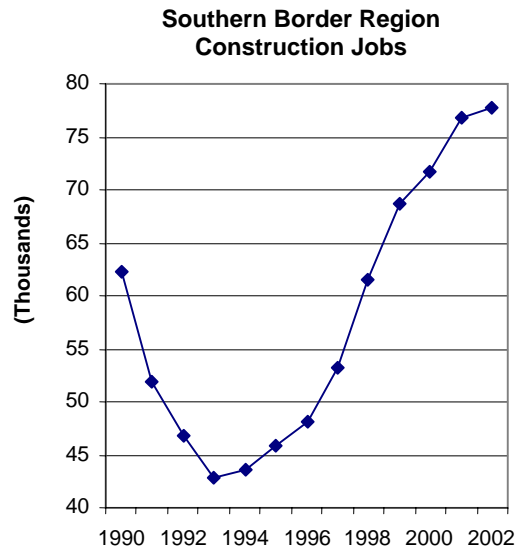
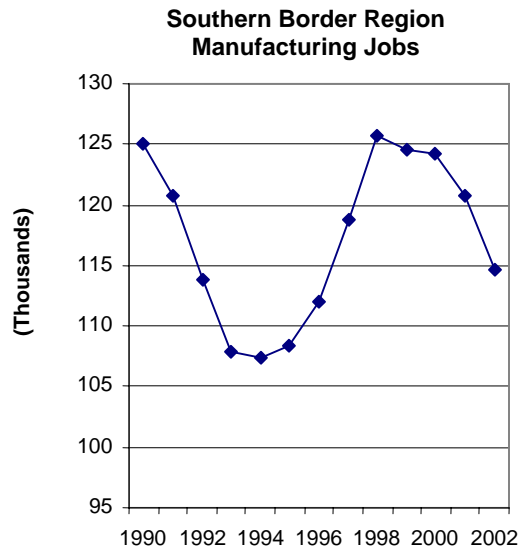
Smaller gains were recorded in Information, Financial Activities, Other Services and Wholesale Trade. Manufacturing was the only sector with job losses between 1990 and 2002 — with a 10,400 decline in job levels between 1990 and 2002, caused by the loss of aerospace jobs in the early 1990s.



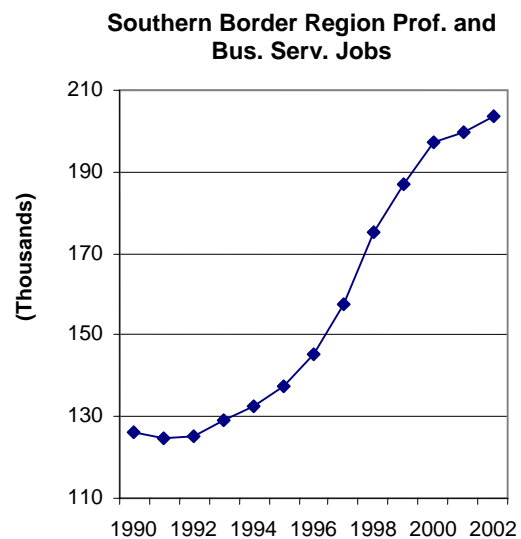
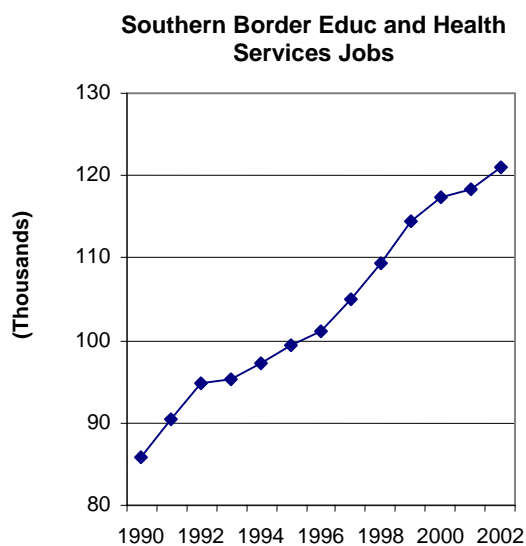
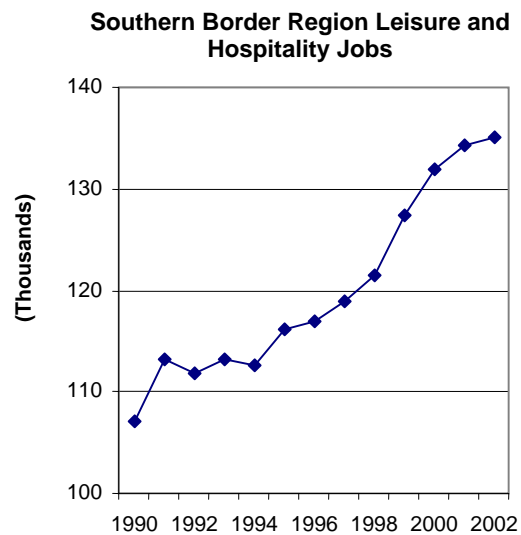
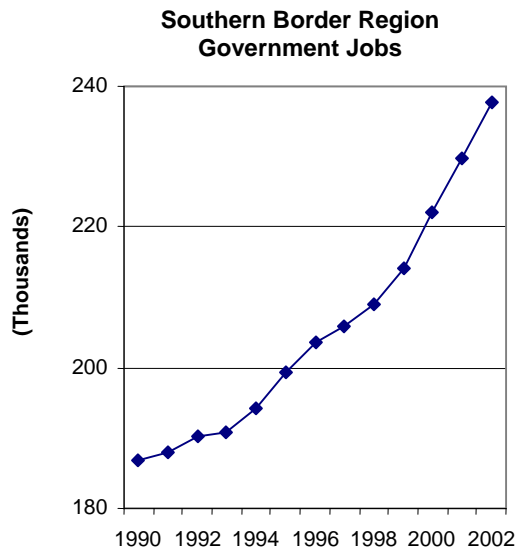
Between 2000 and 2002, the Southern Border Region has added jobs in most sectors. The largest gains were in Government (+15,500), Professional and Business Services (+6,300) and Construction (+6,100). Manufacturing and Information were the only sectors that lost jobs in these two years as a result of the nation's high tech slowdown.



Four large major industries have shown some cyclical pattern in job levels since 1990. Two sectors — Manufacturing and Information — recorded strong job growth between 1994 and 2000 and job losses during the two recession periods. Construction and Retail Trade slowed in the early 90s recession but showed job gains during the recent statewide recession.



Four large major industries--Educational and Health Services, Leisure and Hospitality, Government and Professional and Business Services--have shown steady job gains even through recession periods. Three sectors mainly serve the local population and are relatively less sensitive to the business cycle and more sensitive to long-term population and income growth. Professional and Business Services serves markets outside the region but has been strong enough to grow during the national recession.



Southern Border Region Economic Base

The Southern Border Region's economic base is made up of those industries that sell a large portion of their goods or services to people and businesses in markets **outside of the Southern Border Region**. For example, most manufacturing industries sell mainly to markets in other states or countries.

Many service industries are included in the region's economic base. Most professional, technical and scientific service firms sell to worldwide markets; tourism and wholesale trade serve worldwide markets and software, Internet and other telecommunications services do not depend mainly on local markets for sales.

Firms in any region's economic base are important for three principal reasons. First, firms in economic base industries have **a choice about where to locate**. Because high tech or computer service firms serve worldwide markets, they do not have to locate in a particular place to serve their customers.

Second, firms in the economic base, usually, but not always, pay above average wages.

Third, regions often compete for the location of economic base industries. For example, business and community groups in the Southern Border Region are continually assessing what should be done to boost the region's share of new biotechnology or telecommunications venture capital and innovation. Part of this "competition" for new firms involves assessing their workforce needs and designing education or training initiatives to meet potential workforce shortages.

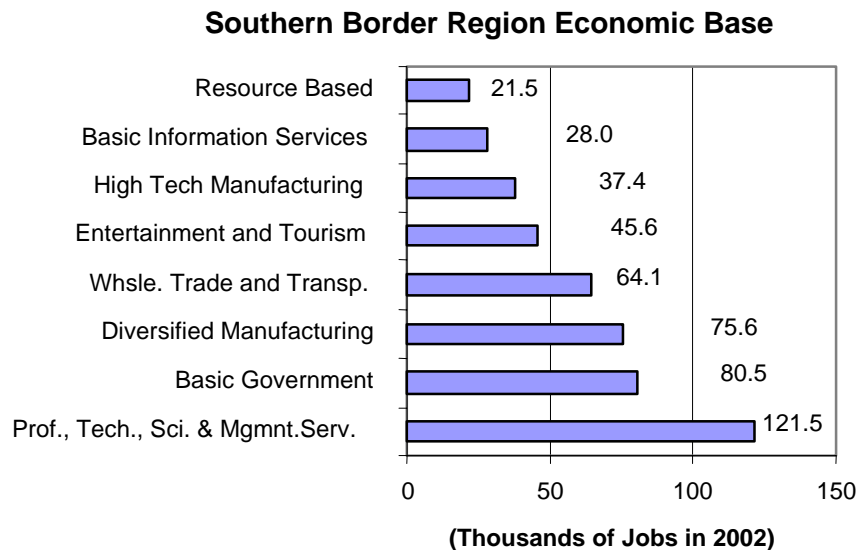
Approximately 35% of Southern Border Region jobs in 2002 (474,200 jobs) were in the region's economic base. This means that 65% of the jobs were in sectors that mainly serve the local population. In designing workforce programs, it is often easy to concentrate on the economic base while overlooking opportunities and needs in population-serving industries, for example, in nursing or construction.

The Southern Border Region's economic base has been grouped into eight major sectors for purposes of analysis and discussion:

- High Tech Manufacturing
- Diversified Manufacturing
- Wholesale Trade and Transportation
- Professional, Technical, Scientific and Management Services
- Basic Information Services
- Entertainment and Tourism
- Basic Government Services (Federal and State Government)
- Resource Based

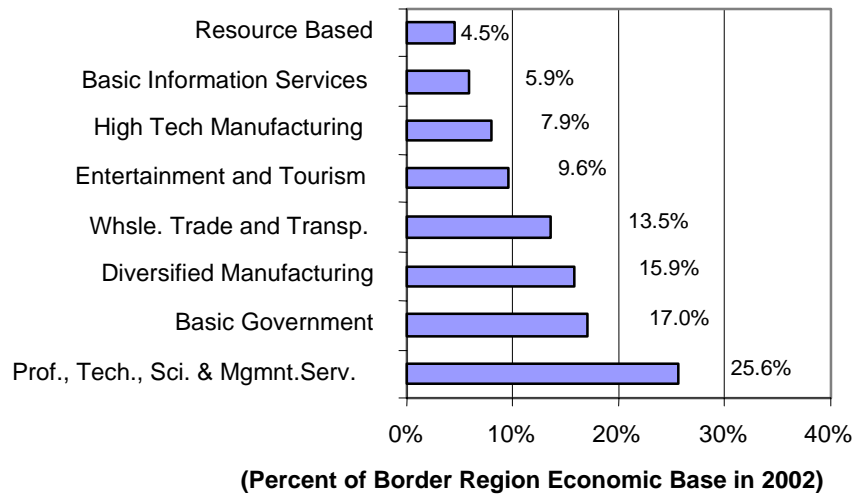
A complete list of industries in each major economic base sector is shown in Appendix A.

Professional, Technical, Scientific and Management Services is now the largest sector in the Southern Border Region's economic base with 121,500 jobs in 2002. Next are the basic industry part of Government (80,500 jobs), Diversified Manufacturing (75,600 jobs), Wholesale Trade and Transportation (65,100 jobs), and Entertainment and Tourism with 45,600 jobs in 2002. Smaller sectors include High Tech Manufacturing (37,400 jobs), Basic Information Services (28,000 jobs), and the Resource Based sector with 21,500 jobs.



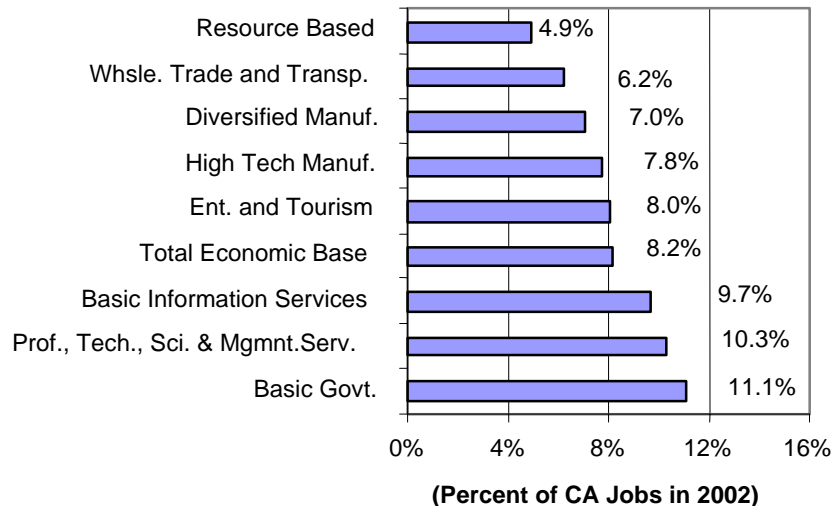
The Southern Border Region economic base is diversified among the eight major sectors. Professional, Technical, Scientific and Management Services is the largest component, accounting for 25.6% of the region's basic industry jobs. Three sectors — Wholesale Trade and Transportation, Diversified Manufacturing and Basic Government — each account for approximately 15% of the region's economic base jobs.

Southern Border Region Economic Base

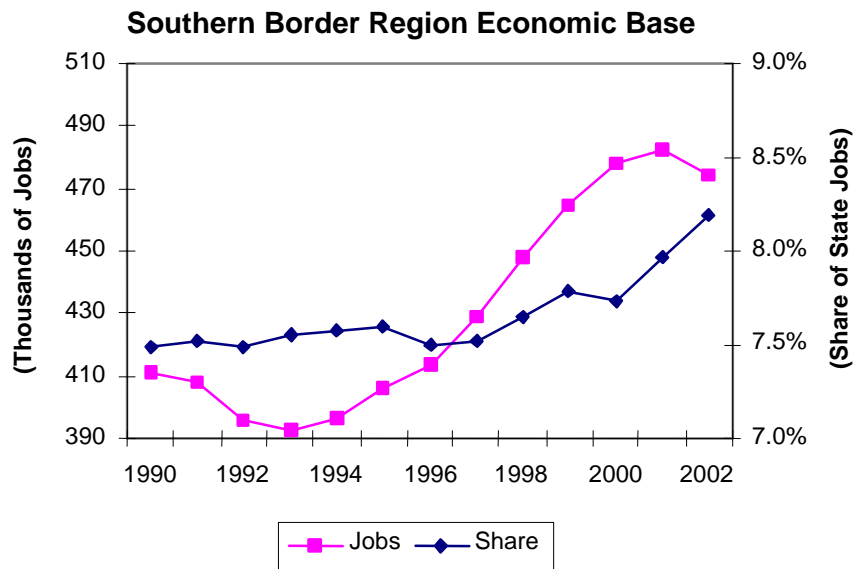


The Southern Border Region had approximately 8% of California's economic base jobs in 2002. **The Southern Border Region had an above-average share in three sectors.** The Southern Border Region had 11.1% of the state's basic government jobs, 9.7% of basic information service jobs and 10.3% of professional, technical, scientific and management jobs — all sectors that pay average or above-average wages.

Southern Border Region Share of California



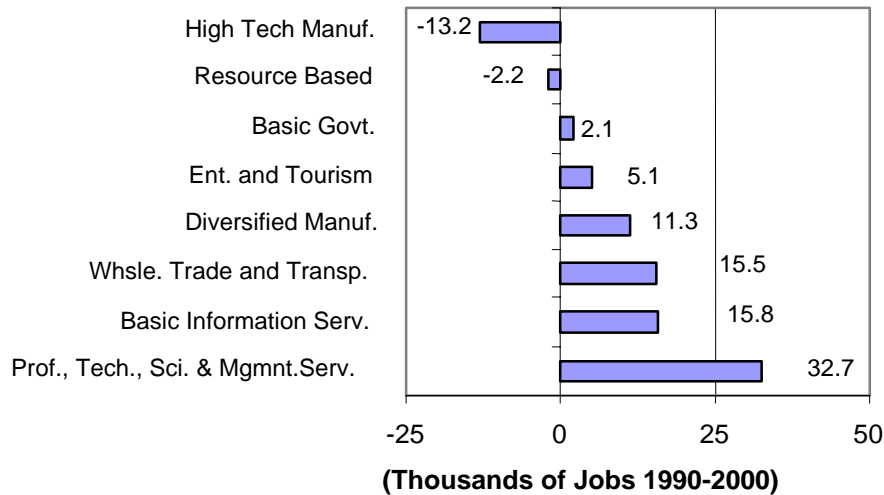
The Southern Border Region share of California's basic industry jobs has risen in recent years from 7.5% in 1995 to a high of 8.2% in 2002. Basic jobs increased by approximately 75,000 between 1990 and 2001 before declining slightly in 2002.



In the 1990s, the Southern Border Region's economic base job growth was led by Professional, Technical, Scientific and Management Services, which recorded an increase of 32,700 jobs or approximately 50% of the entire economic base job gains. Next in size were the gains in Basic Information Services (15,800 jobs) and Wholesale Trade and Transportation (15,500 jobs). Small gains were recorded in Diversified Manufacturing, Entertainment and Tourism and Basic Government.

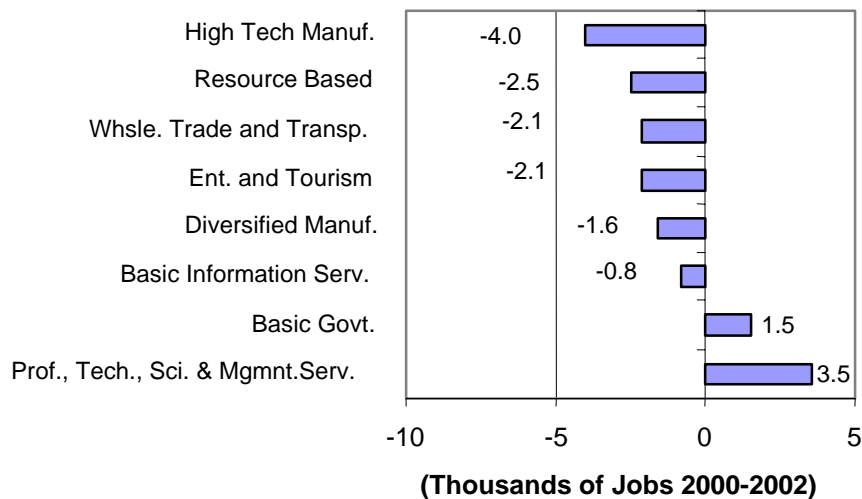
The only economic base job losses in the 1990s were in Resource Based industries and High Tech Manufacturing, accounted for by aerospace job losses in the early 1990s.

Change in Southern Border Region Economic Base



The Southern Border Region had modest basic industry job losses between 2000 and 2002 losing 8,400 jobs. High Tech Manufacturing lost 4,000 jobs. The region added jobs in the Professional, Technical, Scientific and Management sector (+3,500) and in Basic Government (+1,500).

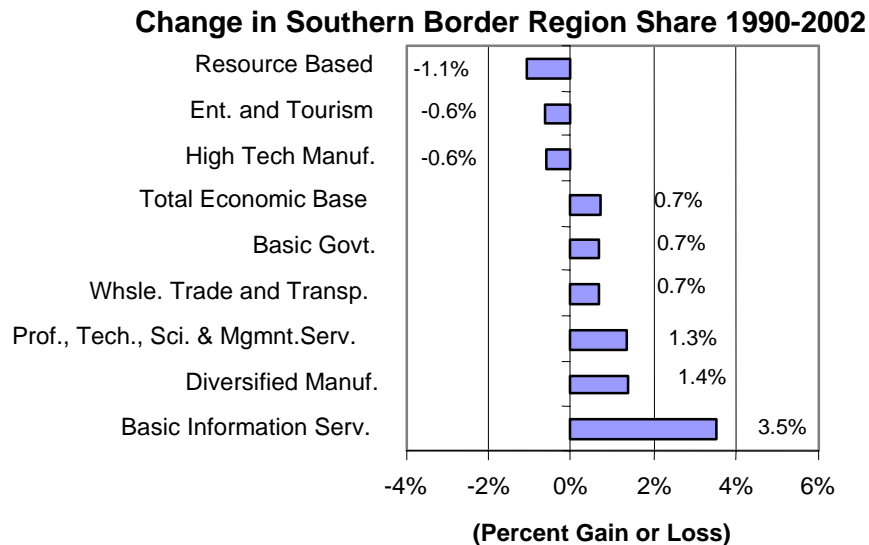
Change in Southern Border Region Economic Base



The Southern Border Region recorded **share gains** since 1990 in five of the eight economic base sectors. The Southern Border Region's share of Basic Information sector jobs rose from 6.2% to 9.7% and the region's share of Professional, Technical, Scientific and Management jobs rose from 9.0 in 1990 to 10.3% in 2002. The Southern Border Region also posted a share increase in Diversified Manufacturing from 5.6% to 7.0%. The Southern Border Region share

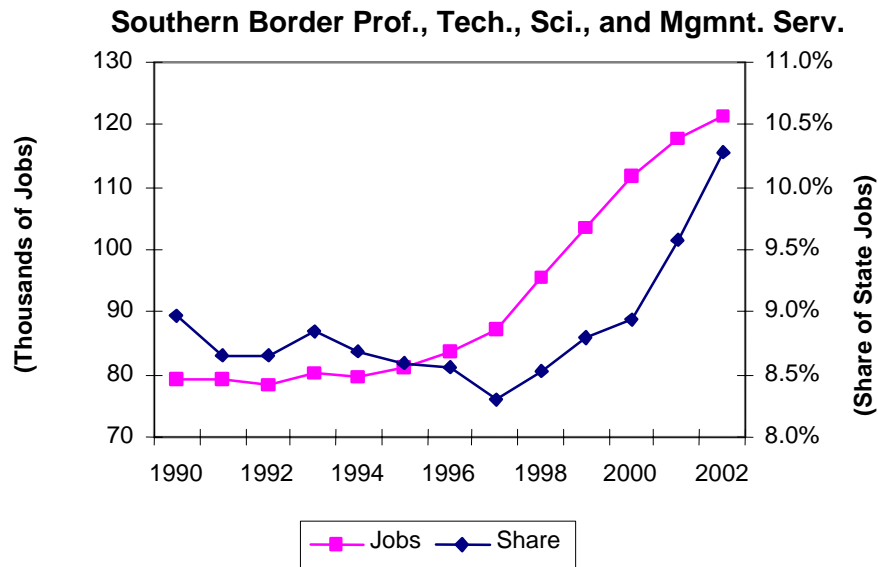
of high tech manufacturing jobs fell sharply in the early 1990s from 8.4% to 6.7% as aerospace jobs disappeared, but then the share rose to 7.8% in 2002 based on the strength of the region's non-defense high tech industries. .

The region's overall share of California's economic base rose from 7.5% in 1990 to 8.2% in 2002.



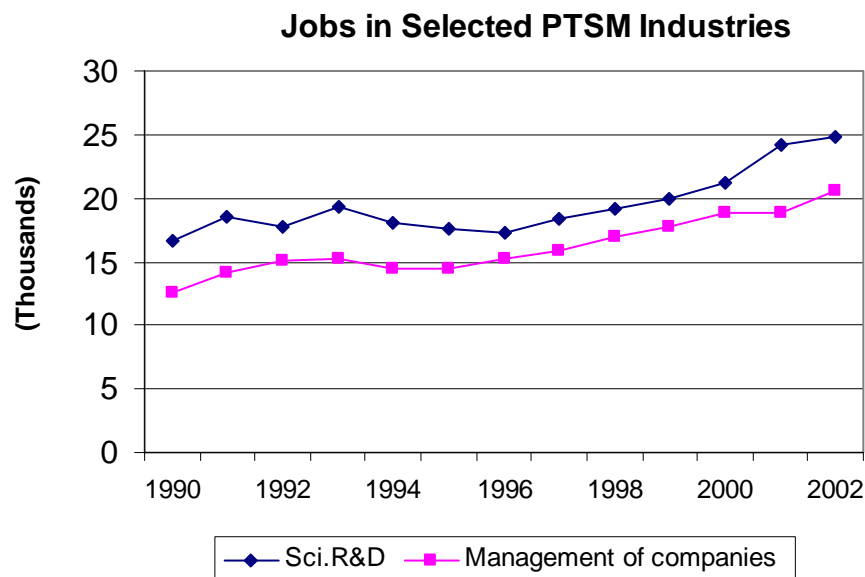
Professional, Technical, Scientific and Management Services

Professional, technical, scientific and management services is the largest component of the Southern Border Region's economic base measured by job levels. The sector accounted for 121,500 jobs in 2002 and has shown consistently strong growth since the mid 1990s. The Southern Border Region had 10.3% of statewide sector jobs in 2002, which was the region's all time high share.

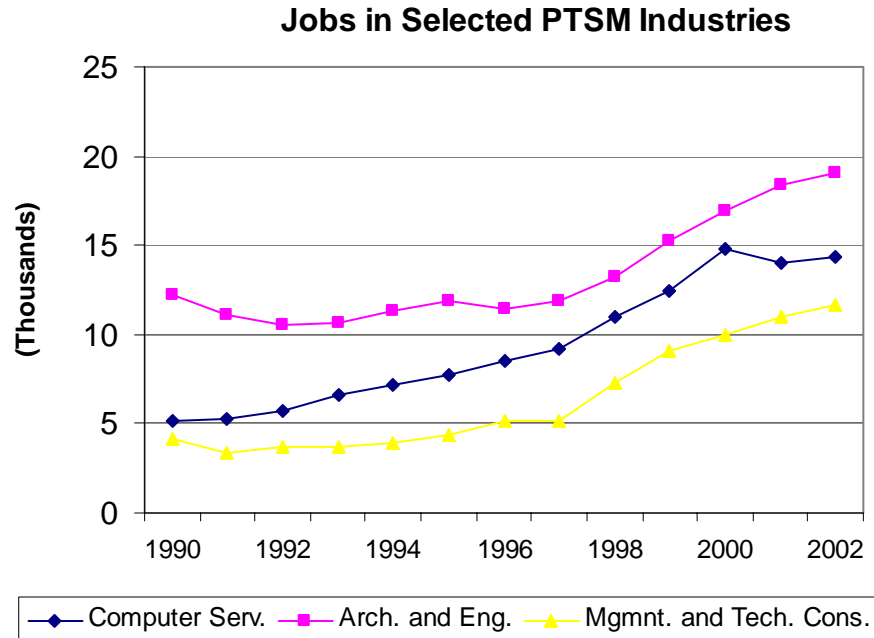


Scientific research and development (R&D) and management of companies are the biggest sectors within professional, technical, scientific and management services. Scientific R&D services had 24,800 jobs in 2002, up from 16,700 jobs in 1990. Management accounted for 20,500 jobs in 2002, up from 12,500 in 1990.

The Southern Border Region had 26.7% of statewide Scientific R&D services jobs in 2002 and 7.4% of statewide management jobs.



Three smaller sectors grew rapidly since 1990. Architectural and engineering services recorded 19,100 jobs (12.3% of the statewide total) in 2002 for a gain of 6,900 jobs since 1990. Computer systems services recorded 14,400 jobs in 2002 (8.3% of the state total) for an increase of 9,200 jobs since 1990. There were 11,700 jobs in management and technical consulting up 7,500 from 1990 levels.



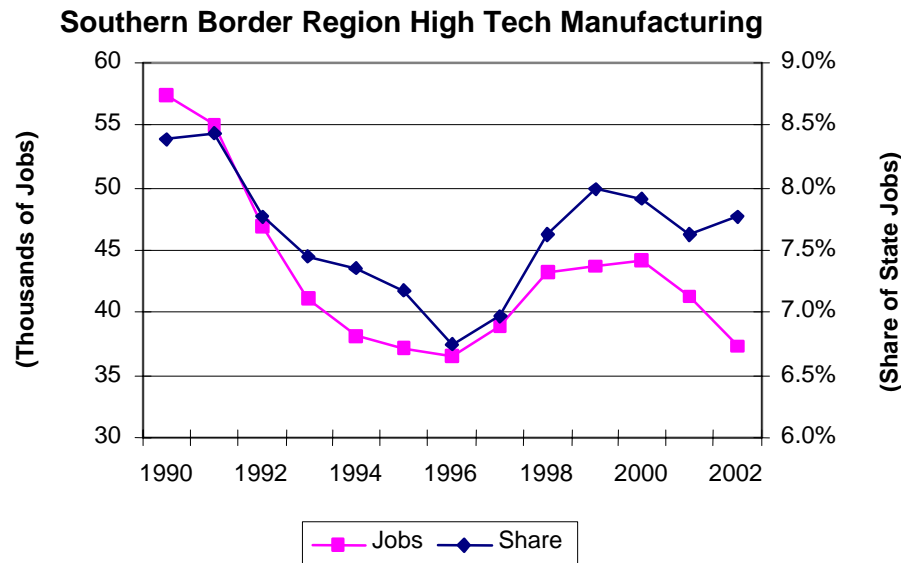
Southern Border Region Professional, Technical, Scientific and Management Services (Thousands of Jobs)				
	1990	2000	2002	% of California 2002
Legal services	9.9	10.6	11.4	8.4%
Accounting services	7.7	7.7	8.5	8.2%
Architectural and engineering services	12.2	16.9	19.1	12.3%
Specialized design services	1.6	2.2	2.2	9.3%
Computer systems services	5.2	14.8	14.4	8.3%
Management. and technical consulting	4.2	10.0	11.7	11.5%
Scientific R & D services	16.7	21.2	24.8	26.7%
Advertising and related services	5.9	5.2	4.3	7.0%
Other professional and technical services	3.3	4.4	4.6	8.0%
Management of companies	12.5	18.9	20.5	7.4%
Professional, Technical, Scientific and Management Services	79.2	111.9	121.5	10.3%

Source: EDD

High Tech Manufacturing

High tech manufacturing job levels plunged between 1990 and 1996 primarily as the result of sharp losses in the region's aerospace sector. The region's share of state high tech jobs fell at the same time. The Southern Border Region added jobs and share between 1996 and 2000 on the strength of non-defense high tech

industries. Job levels have fallen since 2000 as part of the nation's high tech recession.



The region's high tech manufacturing jobs, previously dominated by aerospace and defense electronics, are now spread throughout several industry sectors. The leading growth sector is pharmaceuticals with 5,100 jobs in 2002, up from 1,900 in 1990. The Southern Border Region had 12.7% of statewide pharmaceutical jobs in 2002. The largest high tech sector in 2002 was semiconductors with 7,900 jobs followed by aerospace with 5,900 jobs.

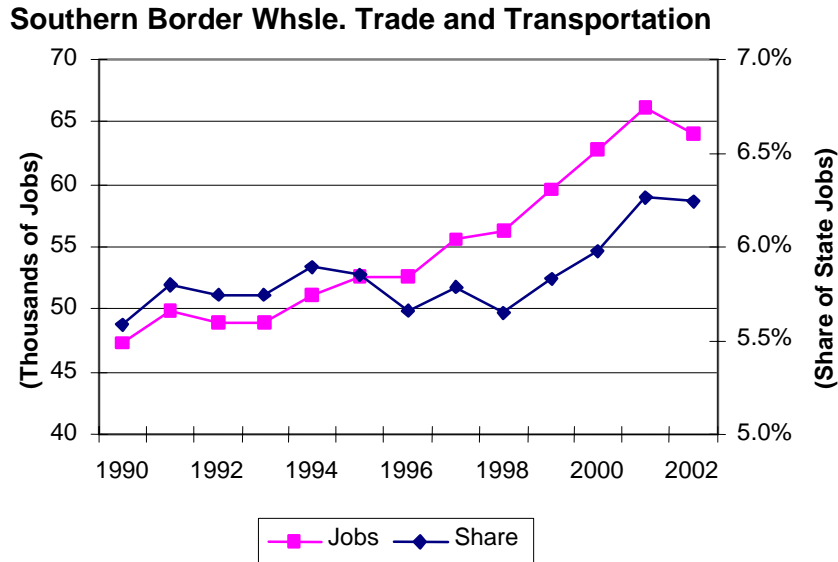
The Southern Border Region had 7.8% of statewide high tech jobs in 2002. The region had 5,000 communications equipment jobs for 14.6% of the statewide total.

Southern Border Region High Tech Manufacturing (Thousands of Jobs)				% of California
	1990	2000	2002	2002
Computer and peripheral equip.	5.7	5.4	5.2	7.3%
Communications equipment	4.0	6.1	5.0	14.6%
Audio and video equipment	3.3	5.6	2.5	29.1%
Semiconductors and elec. comp.	7.6	9.8	7.9	6.3%
Electronic instruments	11.1	6.3	5.3	4.8%
Magnetic media	0.9	0.4	0.5	4.3%
Aerospace	22.9	6.3	5.9	7.4%
Pharmaceuticals	1.9	4.3	5.1	12.7%
High Tech Manufacturing	57.4	44.2	37.4	7.8%

Source: EDD

Wholesale Trade and Transportation

Wholesale Trade and Transportation accounted for 64,100 basic industry jobs in the Southern Border Region in 2002. The Southern Border Region had 6.2% of the state's wholesale trade and transportation jobs. Sector jobs rose by 15,500 between 1990 and 2000 and by another 1,300 between 2000 and 2002. The region's share of wholesale trade and transportation jobs rose slightly between 1990 and 2002.



Wholesale trade accounts for 60% of the jobs in the sector. Wholesale trade-related jobs have risen with the level of the Southern Border Region economy and exports. The region had 24,400 wholesale trade durable goods jobs in 2002 and 14,000 jobs associated with non-durable wholesale trade — one of the region's largest basic industry sectors measured by jobs. Truck transportation jobs rose from 3,700 in 1990 to 5,800 in 2002.

Two of the new NAICS industries, Couriers and Messengers and Warehousing and Storage, are in this sector. Job levels rose strongly both sectors from 1990 to 2002.

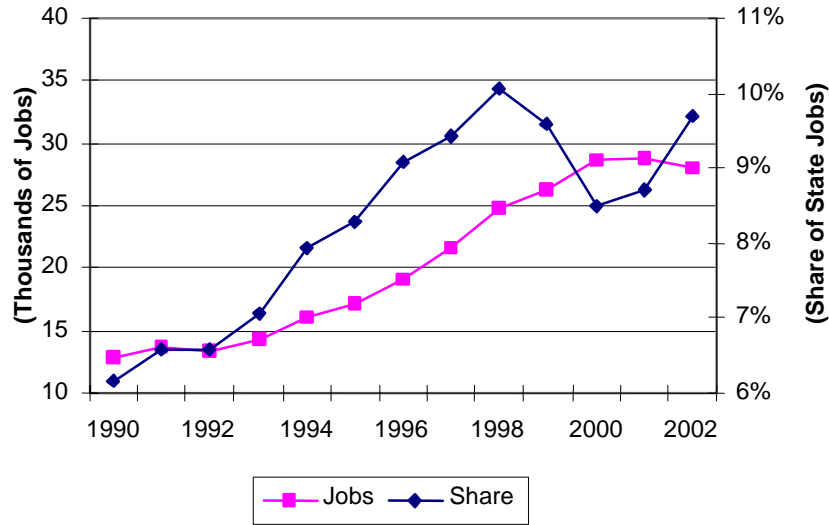
Southern Border Region Wholesale Trade and Transportation (Thousands of Jobs)				
	1990	2000	2002	% of California 2002
Wholesalers, durable goods	18.4	23.0	24.7	6.9%
Wholesalers, nondurable goods	10.7	14.3	14.0	6.1%
Air transportation	4.1	2.4	2.0	3.4%
Rail transportation	0.3	0.3	0.3	2.3%
Water transportation	0.2	0.0	0.0	0.0%
Truck transportation	3.7	6.0	5.8	5.2%
Transit and ground transportation	1.7	2.5	2.8	7.8%
Pipeline transportation	0.0	0.0	0.0	0.0%
Scenic and sightseeing	0.6	0.8	0.8	25.0%
Support activities	3.1	4.0	4.2	5.4%
Couriers and messengers	1.2	4.1	3.9	5.5%
Warehousing and storage	3.3	5.4	5.6	9.4%
Wholesale Trade and Transportation	47.3	62.8	64.1	6.2%

Source: EDD

Basic Information Services

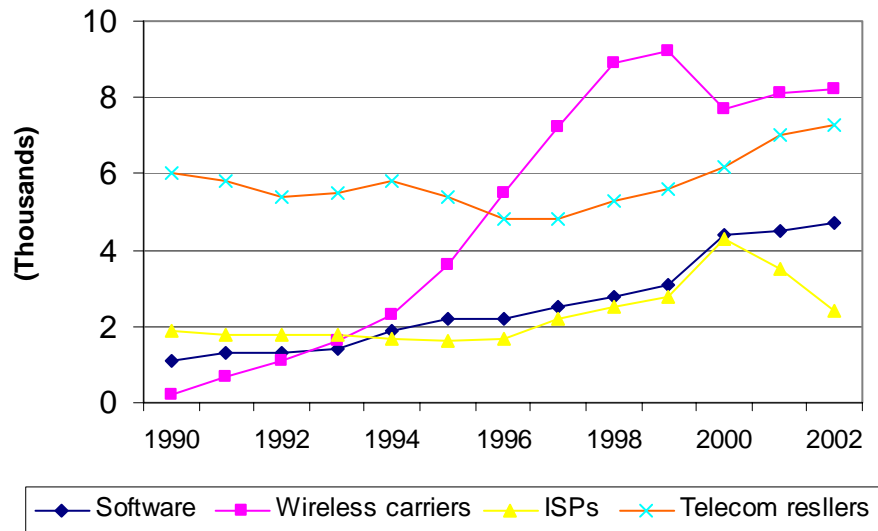
Information is a new NAICS industry category and most of the component industries are also new in terms of following job trends. The Southern Border Region had 28,000 jobs in the basic industry portion of Information in 2002, up from 12,800 in 1990. The Southern Border region accounted for 9.7% of statewide jobs in the Basic Information Services sector. Both job levels and the region's share of statewide jobs have grown sharply since 1990.

Southern Border Region Basic Information Services



The three largest components of this sector are wireless carriers (8,200 jobs in 2002) and telecom resellers (7,300 jobs) within the Telecommunications sector (16,800 jobs in 2002), followed by software publishers with 4,700 jobs. Two sectors — software and wireless carriers showed rapid job growth until 2000, followed by more modest growth in the next two years. ISP job levels rose to 2000 and then fell back in the next two years.

Jobs in Selected Information Industries



The number of jobs in software publishing grew from 1,100 in 1990 to 4,700 in 2002. Wireless carrier job levels rose from 200 in 1990 to 8,200 in 2002. Modest job growth was recorded in the broadcasting sector, which includes cable.

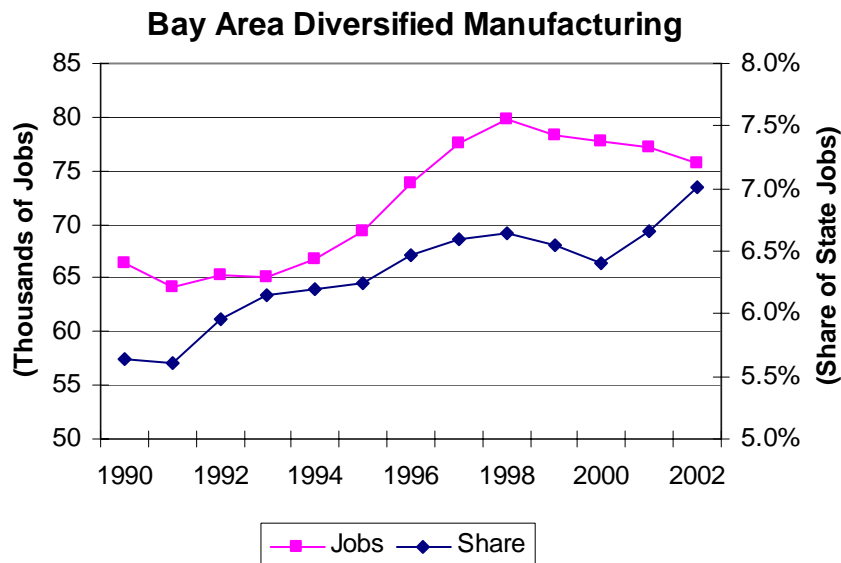
**Southern Border Region
Basic Information Services**
(Thousands of Jobs)

	1990	2000	2002	% of California 2002
Software publishers	1.1	4.4	4.7	9.6%
Broadcasting, except Internet	3.1	3.6	3.5	7.9%
Internet publishing and broadcasting	0.0	0.4	0.3	4.5%
Telecommunications	6.6	15.7	16.8	12.6%
Wireless carriers	0.2	7.7	8.2	29.6%
Telecom resellers	6.0	6.2	7.3	10.7%
Other telecommunications	0.4	1.8	1.3	3.6%
ISPs and data processing	1.9	4.3	2.4	4.5%
Other information services	0.1	0.2	0.3	10.3%
Basic Information Services	12.8	28.6	28.0	9.7%

Source: EDD

Diversified Manufacturing

The Southern Border Region has almost twice as many jobs in diversified manufacturing industries as in high tech. In 2002, the region had 75,600 diversified manufacturing jobs, 7.0% of the state total. Diversified manufacturing job levels rose steadily from 1990 to 1998 before leveling off. The region's share of state diversified manufacturing jobs has risen since 1990, in part as a result of the proximity of the Southern Border Region to maquiladora activity in Mexico. The Southern Border Region has added jobs since 1990 in contrast to statewide job losses and losses in most regions.



Only one diversified manufacturing industry had as many as 10,000 jobs in 2002. The largest single diversified manufacturing industry was miscellaneous manufacturing with 12,500 jobs, followed by fabricated metal products and machinery each with 9,400 jobs, and ship and boat building with 6,000 jobs in 2002.

Several industries posted small job gains since 1990 led by miscellaneous manufacturing. Miscellaneous manufacturing includes two major components—medical equipment and other miscellaneous manufacturing, which includes toy manufacturing. All of the job gains within miscellaneous manufacturing were in the “other” industry component.

Four other diversified manufacturing sectors added more than 1,000 jobs between 1990 and 2002, led by fabricated metal products (+1,800), followed by other food manufacturing (+1,500), plastic and rubber products (+1,400) and machinery (+1,300).

The Southern Border Region had more than 10% of statewide jobs in three miscellaneous manufacturing industries in 2002 led by the 66.7% share of ship and boat building, followed by 13.3% of miscellaneous manufacturing and 10.1% of machinery manufacturing.

Southern Border Region Diversified Manufacturing (Thousands of Jobs)				% of California
	1990	2000	2002	2002
Wood product manufacturing	0.8	1.5	1.2	2.9%
Nonmetallic minerals	3.0	3.0	3.3	7.2%
Primary metal manufacturing	0.6	1.0	0.9	3.3%
Fabricated metal products	7.6	10.0	9.4	6.4%
Machinery manufacturing	8.1	9.4	9.4	10.1%
Electrical equipment	3.0	3.5	3.7	9.3%
Ship and boat building	7.3	5.7	6.0	66.7%
Other transportation equipment	0.1	0.2	0.3	5.6%
Furniture	4.7	4.8	4.9	7.2%
Miscellaneous manufacturing	9.8	12.7	12.5	13.3%
Medical Equipment	5.8	5.2	5.4	10.8%
Other	3.9	7.5	7.1	16.2%
Other Food Manufacturing	4.3	4.7	5.8	4.9%
Beverages	1.3	1.0	1.4	4.0%
Textile mills	0.4	0.5	0.4	2.7%

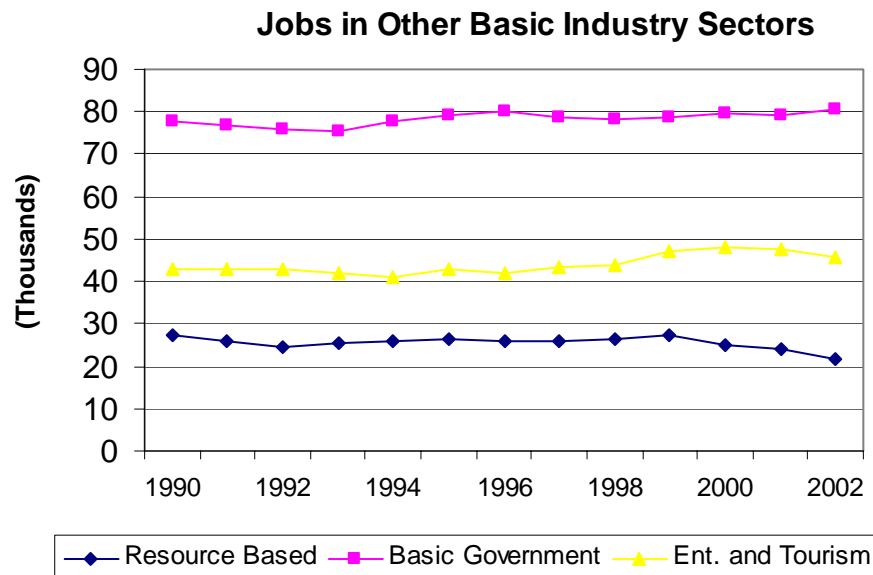
Textile product mills	0.8	1.3	1.1	6.4%
Apparel manufacturing	2.9	4.2	3.0	3.1%
Leather	0.2	0.3	0.3	5.2%
Paper manufacturing	0.8	1.2	1.4	4.4%
Printing	6.1	6.7	5.0	7.1%
Petroleum	0.2	0.1	0.1	0.7%
Other Chemical Manufacturing	2.0	1.8	1.7	4.2%
Plastics and rubber products	2.4	4.1	3.8	5.9%
Diversified Manufacturing	66.4	77.7	75.6	7.0%

Source: EDD

Other Basic Industry Sectors

The three remaining sectors in the Southern Border Region economic base are Basic Government (federal and state government) with 80,500 jobs in 2002 (the 2nd largest economic base sector), Entertainment and Tourism (45,600 jobs) and Resource Based (21,500 jobs).

Federal government job levels fell less than in other regions between 1990 and 2002 as military base job losses were less than in most other regions. The federal government job losses were offset by a 12,200 increase in state government job levels, led by a 6,900 job gain in state education.



In 2002, the Southern Border Region had 45,600 jobs in the Entertainment and Tourism sector, led by 25,600 in accommodations (hotels and motels). The Southern Border Region accounted for 8.0% of the state job total in this sector.

Southern Border Region Other Basic Industry Sectors (Thousands of Jobs)				
	1990	2000	2002	% of California 2002
Motion pictures	2.3	3.2	2.5	1.7%
Performing arts and sports	6.1	3.5	3.3	5.7%
Museums, zoos, and parks	1.8	2.3	2.5	19.7%
Amusement, gambling, and rec.	8.5	12.1	11.7	7.4%
Accommodations	24.3	27.0	25.6	13.5%
Entertainment and Tourism	43.0	48.1	45.6	8.0%
Department of Defense	23.7	21.2	19.7	34.7%
Federal government except defense	25.5	20.9	20.2	10.2%
State education	18.0	22.7	24.9	12.0%
State government except education	10.4	14.9	15.7	6.0%
Basic Government	77.6	79.7	80.5	11.1%
Agriculture, forestry, fishing	25.8	23.7	20.8	5.5%
Mining	1.1	0.5	0.3	1.5%
Fruit and vegetable preserving	0.5	1.0	0.4	1.0%
Resource Based	27.4	25.2	21.5	4.9%

Source: EDD

Resource based jobs fell from 27,400 in 1990 to 21,500 in 2002 with the major job losses in agriculture.

APPENDIX A

Industries Included in Regional Economic Base

High Tech Manufacturing

- Computer and peripheral equipment manufacturing
- Communications equipment manufacturing
- Audio and video equipment manufacturing
- Semiconductor and electronic component manufacturing
- Electronic instrument manufacturing
- Magnetic media manufacturing and reproducing
- Aerospace product and parts manufacturing
- Pharmaceutical and medicine manufacturing

Diversified Manufacturing

- Wood product manufacturing
- Nonmetallic mineral product manufacturing
- Primary metal manufacturing
- Fabricated metal product manufacturing
- Machinery manufacturing
- Electrical equipment and appliance manufacturing
- Ship and boat building
- Other transportation equipment manufacturing
- Furniture and related product manufacturing
- Miscellaneous manufacturing
- Other food manufacturing
- Beverage and tobacco product manufacturing
- Textile mills
- Textile product mills
- Apparel manufacturing
- Leather and allied product manufacturing
- Paper manufacturing
- Printing and related support activities
- Petroleum and coal products manufacturing
- Other chemical manufacturing
- Plastics and rubber products manufacturing
- Miscellaneous manufacturing

Wholesale Trade and Transportation

- Merchant wholesalers, durable goods
- Merchant wholesalers, nondurable goods
- Air transportation
- Rail transportation

Water transportation
Truck transportation
Transit and ground passenger transportation
Pipeline transportation
Scenic and sightseeing transportation
Support activities for transportation
Couriers and messengers
Warehousing and storage

Basic Information Services

Software publishers
Broadcasting, except Internet
Internet publishing and broadcasting
Telecommunications
ISPs, search portals, and data processing
Other information services

Professional, Technical, Scientific and Management Services

Legal services
Accounting and bookkeeping services
Architectural and engineering services
Specialized design services
Computer systems design and related services
Management and technical consulting services
Scientific research and development services
Advertising and related services
Other professional and technical services
Management of companies and enterprises

Entertainment and Tourism

Motion picture and sound recording industries
Performing arts and spectator sports
Museums, historical sites, zoos, and parks
Amusements, gambling, and recreation
Accommodation

Basic Government

Department of Defense
Federal government except defense
State education
State government except education

Resource Based

Agriculture, forestry, fishing and hunting

Mining

Fruit and vegetable preserving and specialty